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DAQING DAIRY HOLDINGS LIMITED
大慶乳業控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1007)

ANNOUNCEMENT

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AND
(IX) CHANGE OF DIRECTORS

Financial adviser to the Company

VEDA | CAPITAL
智 略 資 本

(I) STATUS ON RESUMPTION

With reference to the announcements of the Company dated 21 December 2016, 21 February 2017, 28 February 2017, 4 May 2017, 5 June 2017 and 5 July 2017 respectively, the Company announced that the Stock Exchange agreed to allow the Company to submit a new listing application relating to the Acquisition (but not any other proposal) on or before 28 February 2017. On 27 February 2017, the Company filed the new listing application to the Stock Exchange in relation to the Acquisition.

(II) THE SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every two (2) issued and unissued Shares of HK\$0.00001 each will be consolidated into one (1) Consolidated Share of HK\$0.00002.

Prior to the Suspension, the existing Shares were traded on the Stock Exchange in board lots of 1,000 Shares each. It is proposed that the Consolidated Shares will be changed to be traded in board lots of 20,000 Consolidated Shares each upon the Share Consolidation becoming effective. The expected value of each board lot will initially be HK\$2,050 based on HK\$0.1025 per Consolidated Share.

The Share Consolidation is not conditional upon other transactions disclosed in this announcement, and is expected to become effective on the day immediately after the EGM and before completion of the Acquisition, the Share Placing and the Open Offer.

(III) THE ACQUISITION

On 21 November 2016, the Company (as the purchaser) and the Vendors (as the vendors) entered into the Acquisition Agreement (as amended and restated on 20 February 2017 and supplemented on 30 June 2017) pursuant to which the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell the Sale Shares for the Consideration of HK\$517,881,250, which will be satisfied as to (i) HK\$388,410,937.50 by way of allotment and issue of 3,789,375,000 Consideration Shares at the Issue Price of HK\$0.1025 per Consideration Share; and (ii) HK\$129,470,312.50 by way of issue of Consideration CBs in the aggregate principal amount of HK\$129,470,312.50 entitling the Vendors (or their respective nominees) to convert into a maximum of 1,263,125,000 Conversion Shares based on the initial conversion price of HK\$0.1025 per Conversion Share (subject to adjustment for the common anti-dilutive effects). Upon Acquisition Completion, the Target Group will become wholly-owned subsidiaries of the Company.

The Consideration Shares and the Conversion Shares will be allotted and issued pursuant to a specific mandate proposed to be obtained at the EGM and further details of the terms on which the specific mandate is to be sought from the Independent Shareholders will be set out in the circular to be despatched in due course.

The Acquisition is subject to a number of conditions precedent in the Acquisition Agreement, and is inter-conditional on, including but not limited to, the completion of the Share Placing and the Disposal, which will be subject to a number of conditions that may or may not be fulfilled. In particular, the Listing Committee's approval on the new listing application to be made by the Company may or may not be granted. As the Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.

(IV) IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES AND NEW LISTING APPLICATION

The Acquisition constitutes a reverse takeover for the Company under Rule 14.06(6)(a) of the Listing Rules on the basis that the Acquisition (i) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios under Rule 14.07 of the Listing Rules are over 100%; and (ii) involves an acquisition of assets from the Vendors which will result in a change in control (as defined under the Takeovers Code) of the Company immediately after the allotment and issue of the Consideration Shares, the Conversion Shares upon the full conversion of the Consideration CBs, the Placing Shares and the Offer Shares. As Mr. Hung will become a controlling Shareholder and an executive Director upon Resumption, the Acquisition will also constitute a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules. As such, the transactions contemplated under the Acquisition Agreement are subject to the reporting, announcement and Independent Shareholders' approval under Listing Rules.

Under Rule 14.54 of the Listing Rules, the Company will be treated as if it were a new listing applicant. The Enlarged Group and the Target Group must be able to meet the listing requirements of Rule 8.05 of the Listing Rules and the Enlarged Group must be able to meet all other basic conditions set out in Chapter 8 of the Listing Rules.

The Acquisition is also subject to the approval of the Listing Committee. On 27 February 2017, the new listing application was submitted by the Company to the Stock Exchange. The Listing Committee may or may not grant its approval to the new listing application. If such approval is not granted by the Listing Committee, the Acquisition Agreement will not become unconditional and the Acquisition will not proceed.

The Acquisition is subject to the approval of the Independent Shareholders at the EGM. The Consideration Shares and the Conversion Shares will be issued under specific mandate to be obtained at the EGM.

(V) IMPLICATIONS OF THE ACQUISITION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Vendors and parties acting in concert with them are not interested in any Shares. Upon the implementation of the transactions disclosed in this announcement, including but not limited to the Acquisition, the Share Placing and the Open Offer but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs, the Vendors and parties acting in concert with them will, in aggregate, hold approximately 73.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, the Offer Shares and the Placing Shares, but before the allotment and issue of any of the Conversion Shares. For illustrative purpose, assuming the Consideration CBs are converted in full, the Vendors and parties acting in concert with them will, in aggregate, hold approximately 78.74% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, the Offer Shares, the Placing Shares and the Conversion Shares.

Under Rule 26 of the Takeovers Code, the acquisition of 30% or more of the voting rights will trigger an obligation on the Vendors to make a general offer for all the securities of the Company other than those already owned or agreed to be acquired by the Concert Group, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders at the EGM by way of poll.

The Vendors will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Independent Shareholders at the EGM by way of poll, in which the Concert Group and those who are involved in or interested in the Acquisition will abstain from voting on the relevant resolution(s).

(VI) THE DISPOSAL

On 21 November 2016, the Company (as the vendor) and Mr. Jiang (as the purchaser) entered into the Disposal Agreement (as amended and supplemented by a supplemental agreement dated 30 June 2017) pursuant to which the Company has conditionally agreed to sell and the Disposal Purchaser has conditionally agreed to purchase the entire issued share capital of Global Milk Singapore at the cash consideration of HK\$1.00. As at the date of this announcement, the Disposal Purchaser and the parties acting in concert with him, who are Independent Third Parties and independent to the Vendors, are not interested in any Shares.

Upon Disposal Completion, the Group will cease to have any beneficial interest in any company in the Disposal Group, and all the companies in the Disposal Group will cease to be subsidiaries of the Company.

As the highest of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Rule 14.06 of the Listing Rules and is therefore subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

(VII) THE SHARE PLACING

The Company and the Placing Agent will enter into the Placing Agreement pursuant to which the Placing Agent will place an aggregate of up to 757,875,000 Placing Shares at HK\$0.1025 per Placing Share, on a fully underwritten basis, to not less than six Placers who and whose ultimate beneficial owners will be Independent Third Parties and independent to the Concert Group. The Share Placing will be inter-conditional on the Acquisition.

The maximum number of 757,875,000 Placing Shares under the Share Placing represents approximately 1.50 times of the entire issued share capital of the Company as at the date of this announcement (assuming the Share Consolidation becoming effective) and approximately 60.00% of the issued share capital of the Company (assuming the Share Consolidation becoming effective) as enlarged by the allotment and issue of the Placing Shares but before the allotment and issue of the Consideration Shares, the Conversion Shares and the Offer Shares.

The Placing Price of HK\$0.1025 per Placing Share, which is equivalent to the Conversion Price, the Offer Price and the Issue Price, is determined having taken into account, among other things, the prolonged Suspension.

The Placing Shares will be issued under specific mandate proposed to be obtained at the EGM.

(VIII) THE OPEN OFFER

The Company proposes to raise approximately HK\$10.36 million, before expenses, by way of Open Offer pursuant to which 101,050,000 Offer Shares will be issued at the Offer Price of HK\$0.1025 per Offer Share on the basis of one (1) Offer Share for five (5) Consolidated Shares held on the Record Date (assuming that no Shares or Consolidated Shares were issued or repurchased by the Company except for the issue and allotment of the Consideration Share, Placing Shares and the Conversion Shares upon the full conversion of the Consideration CBs from the date of this announcement and up to the Record Date).

The net proceeds from the Open Offer will be used by the Company as general working capital. The Directors are of the view that the Open Offer is in the interests of the Company and the Shareholders as a whole.

The Share Consolidation, the Acquisition, the Disposal and the Share Placing are not conditional upon the Open Offer, however, the Open Offer is conditional upon the Resumption. Upon completion of the Share Consolidation, the Acquisition, the Disposal and the Share Placing and before completion of the Open Offer, the Vendors and parties acting in concert with them will be interested in 75% of the entire issued share capital of the Company (before the conversion of the Consideration CBs).

(IX) CHANGE OF DIRECTORS

The Board announces that Dr. Choi and Mr. Choi Ka Wai will resign as executive Directors; and Mr. Szeto Tat Kwan Brandon and Mr. Fok Wai Ming Eddie will resign as independent non-executive Directors, all with effect immediately upon the Resumption.

Mr. Ha Kee Choy Eugene will remain on the Board as an independent non-executive Director.

The Board also announces that, upon the Resumption, (i) Mr. Hung Shui Chak, Mr. So Kam Chuen, Mr. Yuan Mingjie and Mr. Chen Jun will be appointed as executive Directors; and (ii) Mr. Chan Chun Yiu Thomas and Mr. Mai Guangfan will be appointed as independent non-executive Directors.

Their respective biographical details will be disclosed pursuant to the requirement of Rule 13.51(2) of the Listing Rules in the circular to be despatched in due course.

GENERAL

The Company will despatch a circular in accordance with requirements under the Listing Rules and the Takeovers Code, which will contain, among other things, further details of (i) the Share Consolidation; (ii) the Acquisition; (iii) reverse takeover involving a new listing application; (iv) the Disposal; (v) the Share Placing; (vi) the Open Offer; (vii) the Whitewash Waiver; (viii) the appointment of proposed Directors; (ix) the recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Disposal, the Whitewash Waiver and the transactions contemplated thereunder; and (x) the notice of EGM.

An EGM will be convened for the purpose of considering, and if thought fit, approving (i) the Share Consolidation; (ii) the Acquisition; (iii) the Disposal; (iv) the Share Placing; (v) the Whitewash Waiver; (vi) the appointment of proposed Directors and the transactions contemplated thereunder.

Under Rule 14.60(7) of the Listing Rules, the Company is required to despatch a circular in relation to a very substantial acquisition within 15 Business Days after the publication of this announcement.

Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders a circular in respect of, amongst others, the Whitewash Waiver within 21 days from the date of publication of this announcement, that is, on or before 28 August 2017.

As the Company's new listing application is subject to the approval by the Stock Exchange, it is expected that more time may be needed for the Stock Exchange to approve the Company's new listing application and for the preparation of the circular, which is expected to be despatched on or before 15 September 2017.

As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the circular and the Company will make further announcement on the expected date of despatch of the circular.

Trading in the Shares will continue to be suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. The publication of this announcement does not warrant any approval from the Stock Exchange on the new listing application made by the Company and the Resumption. The proposed transactions disclosed in this announcement are also subject to the fulfillment or waiver (as the case maybe) of the relevant conditions precedent. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.

I. STATUS ON RESUMPTION

With reference to the announcements of the Company dated 21 December 2016, 21 February 2017, 28 February 2017, 4 May 2017, 5 June 2017 and 5 July 2017 respectively, the Company announced that the Stock Exchange had agreed to allow the Company to submit a new listing application relating to the Acquisition (but no any other proposal) on or before 28 February 2017. On 27 February 2017, the Company filed the new listing application to the Stock Exchange in relation to the Acquisition.

II. PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every two (2) issued and unissued Shares of HK\$0.00001 each will be consolidated into one (1) Consolidated Share of HK\$0.00002.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon:

- (i) passing of an ordinary resolution to approve the Share Consolidation by the Shareholders by way of poll at the EGM;
- (ii) the Listing Committee granting approval to the listing of, and the permission to deal in, the Consolidated Shares; and
- (iii) without prejudice to the above, all necessary consents and approvals regarding the Share Consolidation having been obtained by the Company.

The Share Consolidation is not conditional upon other transactions disclosed in this announcement, and is expected to become effective on the day immediately after the EGM and before Acquisition Completion, the Share Placing and the Open Offer.

Effects of Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$380,000 divided into 38,000,000,000 Shares of HK\$0.00001 each, of which 1,010,500,000 Shares have been issued and fully paid or credited as fully paid.

Assuming that no further Shares will be allotted and issued or repurchased from the date of this announcement and up to the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will be HK\$380,000 divided into 19,000,000,000 Consolidated Shares of HK\$0.00002 each, of which 505,250,000 Consolidated Shares will be in issue.

The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders. Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company, if feasible and applicable.

Save for the necessary professional expenses for the implementation of the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders. The Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

Application for listing of the Consolidated Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Shares are listed or dealt in on any stock exchange other than the Stock Exchange, and at the time of the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Reasons for and benefits of the Share Consolidation

The Share Consolidation will increase the nominal value of the Shares and it is expected to bring about corresponding upward adjustment in the trading price of the Consolidated Shares. In addition, the Share Consolidation will increase the market value per board lot of the Shares, which will reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, as well as to satisfy the minimum value per board lot of HK\$2,000 as required under the “Guide on Trading Arrangements for Selected Types of Corporate Actions” published by Stock Exchange on 28 November 2008. Certain brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced shares or tend

to discourage individual brokers from recommending low-priced shares to their customers. Therefore, with a higher trading price of the Consolidated Shares and reduction of the transaction and handling costs as a proportion of the market value of each board lot, the Company believes that the Share Consolidation will make investing in Shares more attractive to a broader range of institutional and professional investors and other members of the investing public. As such, the Board believes that the Share Consolidation may attract more investors and extend the shareholders base of the Company.

As at the date of this announcement, the Company has no intention to conduct any corporate actions or fund-raising activities in at least the forthcoming twelve months which may have negative impact on the share price of the Company. Moreover, if the share price of the Company in the future would be close to the extremities of HK\$0.01 or HK\$9,995.00, (for the illustration purpose), the Company may be required to take further action, such as to change the trading method or to proceed with a consolidation or subdivision of its securities pursuant to Rule 13.64 of the Listing Rules. In view of the above, the Board considers all the relevant factors and takes reasonable steps to ensure the Share Consolidation serves the aforesaid intended purpose and are of the view that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

Save for the necessary professional expenses for the implementation of the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders.

Change in board lot size

Prior to the Suspension, the existing Shares were traded on the Stock Exchange in board lot size of 1,000 Shares. Following the implementation of the Share Consolidation, the board lot size for trading in the Consolidated Shares will be changed to 20,000 Consolidated Shares.

Based on the Issue Price, the Conversion Price, the Offer Price and the Placing Price of HK\$0.1025 per Consolidated Share, the value of each board lot of 20,000 Consolidated Shares, assuming the Share Consolidation becoming effective, would be HK\$2,050.

Free exchange of Consolidated Shares' certificates and trading arrangement

Subject to the Share Consolidation becoming effective, Shareholders may, during a period from 9:00 a.m. on Friday, 6 October 2017 to 4:30 p.m. on Friday, 10 November 2017 (both dates inclusive), submit share certificates for the existing Shares in board lot of 1,000 Shares, which are blue in colour, to the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at the expense of the Company, to exchange the new share certificates for the Consolidated Shares, which will be silver grey in color. Thereafter, each existing share certificate for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each existing share certificate of the Shares cancelled or each new share certificate to be issued for the Consolidated Shares, whichever number of certificates cancelled or issued is higher.

Nevertheless, existing certificates for the Shares will continue to be good evidence of legal title and will be valid for dealings, trading and settlement purpose after the Share Consolidation has become effective and may be exchanged for certificates for the Consolidated Shares at any time in accordance with the foregoing.

Odd lots arrangement and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint an agent to provide matching services for sale and purchase of odd lots of Consolidated Shares at the relevant market price per Consolidated Share for Shareholders, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares from Monday, 13 November 2017 to Friday, 1 December 2017. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers.

III. THE ACQUISITION

On 21 November 2016, the Company (as the purchaser) and the Vendors (as the vendors) entered into the Acquisition Agreement (as amended and restated on 20 February 2017 and supplemented on 30 June 2017) pursuant to which the Company has conditionally agreed to acquire, and the Vendors have conditionally agreed to sell, the Sale Shares for a total consideration of HK\$517,881,250, which will be satisfied as to (i) HK\$388,410,937.50 by way of allotment and issue of 3,789,375,000 Consideration Shares at the Issue Price of HK\$0.1025 per Consideration Share; and (ii) HK\$129,470,312.50 by way of issue of Consideration CBs in the aggregate principal amount of HK\$129,470,312.50 entitling the Vendors (or their respective nominees) to convert into a maximum of 1,263,125,000 Conversion Shares based on the initial conversion price of HK\$0.1025 per Conversion Share (subject to adjustment for the common anti-dilutive effects).

The Acquisition Agreement

Date: 21 November 2016 (as amended and restated on 20 February 2017 and supplemented on 30 June 2017)

Parties: Purchaser: The Company

Vendors: Mr. Hung, as the Vendor I;
Ms. Hung, as the Vendor II;
Mr. Ho, as the Vendor III;
Mr. So, as the Vendor IV; and
Ms. Sezto, as the Vendor V (as trustee for Mr. Hung)

The entire issued share capital of the Target Company, upon completion of Reorganisation, will be held as to 93.62%, 2.94%, 2.23%, 1.18% and 0.03% by Vendor I, Vendor II, Vendor III, Vendor IV and Vendor V (as the trustee for Vendor I) respectively. To the best of the Directors' knowledge information and belief, having made all reasonable enquiries, the Vendors are Independent Third Parties and independent to the Disposal Purchaser (together with the parties acting in concert with him).

Assets to be acquired

Pursuant to the terms and conditions of the Acquisition Agreement, the Company has conditionally agreed to purchase and the Vendors have conditionally agreed to sell the Sale Shares, being the entire issued share capital of the Target Company, free from all encumbrances together with all rights now and hereafter attaching thereto including but not limited to all dividends paid, declared or made in respect thereof at any time on or after the date of the Acquisition Completion.

Further information on the Target Group is set out in the sub-section headed “Information on the Target Company and Target Group” in this announcement.

The Consideration

The Consideration is HK\$517,881,250, of which, upon Acquisition Completion:

- (i) HK\$388,410,937.50 will be satisfied by way of allotment and issue of an aggregate of 3,789,375,000 Consideration Shares at the Issue Price of HK\$0.1025 per Consideration Share, credited as fully paid to the Vendors (or their respective nominees) in proportion to their respective shareholding in the Target Company; and
- (ii) HK\$129,470,312.50 will be satisfied by way of issue of Consideration CBs in the aggregate principal amount of HK\$129,470,312.50 entitling the Vendors (or their respective nominees) to convert into a maximum of 1,263,125,000 Conversion Shares based on the initial conversion price of HK\$0.1025 per Conversion Share to the Vendors (or their respective nominees) in proportion to their respective shareholding in the Target Company.

The Consideration Shares and the Conversion Shares will be allotted and issued under a specific mandate proposed to be obtained at the EGM and further details of the terms on which the specific mandate is to be sought from the Independent Shareholders will be set out in a circular to be despatched in due course.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects inter se and with all the other Consolidated Shares in issue as at the date of allotment and issue of the Consideration Shares, including the right to all dividends, distributions and other payments made or to be made, the record date for which falls on or after the date of such allotment and issue.

The Directors are of the view that the settlement of part of the Consideration with the inclusion of the issue of the Consideration CBs is advantageous for the Group after having considered the following reasons:

- (i) the issue of the Consideration CBs to settle part of the Consideration will reduce the immediate dilution impact on the existing Shareholders;
- (ii) as compared to cash and/or the issue of the promissory notes, the issue of the Consideration CBs will not adversely affect the cash position and development of the Group in the short to medium term; and

- (iii) the exercise of the conversion rights attaching to the Consideration CBs are subject to, among other restriction, the Company meeting the minimum public float requirement under Rule 8.08 of the Listing Rules such that no conversion of which would result in the Company not meeting the minimum public float as required under the Listing Rules.

The Consideration was arrived at after arm's length negotiations among the Company and the Vendors on normal commercial terms with reference to a number of factors at the material time, including but not limited to (i) the unaudited net profit of the Target Group attributable to the owners of the Target Company of approximately RMB36.54 million (equivalent to approximately HK\$40.92 million) for the year ended 31 December 2015; (ii) the potential business prospect of the Target Group; and (iii) the management's assessment on the price-to-earnings ratio ("**P/E Ratio**") of four comparable companies listed on the Stock Exchange on a best effort basis, which are principally engaged in the operation of Chinese cuisine restaurants and have substantial business in the PRC, including (i) XiabuXiabu Catering Management (China) Holdings Co., Limited (Stock Code: 520) with a P/E Ratio of 17.28; (ii) Tang Palace (China) Holdings Limited (Stock Code: 1181) with a P/E Ratio of 18.67; (iii) Tao Heung Holdings Limited (Stock Code: 573) with a P/E Ratio of 13.04; and (iv) Xiao Nan Guo Restaurants Holdings Limited (Stock Code: 3666) which was excluded from the management's assessment due to its negative earnings for the year ended 31 December 2015.

Having considered the above factors, the Directors (excluding the independent non-executive Directors whose view will be set out in a circular after receiving advice from the Independent Financial Adviser) are of the opinion that the terms of the Acquisition Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

A. The Consideration Shares and the Issue Price

Pursuant to the Acquisition Agreement, the Company will allot and issue, credited as fully paid, 3,789,375,000 Consideration Shares at the Issue Price to the Vendors (or their respective nominees), as part of the Consideration.

The Consideration Shares represents:

- (i) approximately 7.50 times of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as at the date of this announcement;
- (ii) approximately 88.24% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Consideration Shares but before the allotment and issue of Conversion Shares;
- (iii) approximately 68.18% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares upon the exercise of the Consideration CBs in full;

- (iv) approximately 60.00% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Consideration Shares, the Conversion Shares upon the exercise of Consideration CBs in full and allotment and issue of all the Placing Shares; and
- (v) approximately 59.06% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Consideration Shares, the Conversion Shares upon the exercise of Consideration CBs in full, allotment and issue of all the Placing Shares and Offer Shares.

The Issue Price represents:

- (i) a discount of approximately 96.95% to the equivalent closing price of HK\$3.360 per Consolidated Share based on the closing price of the Shares of HK\$1.680 per Share as quoted on the Stock Exchange on the Last Trading Day after taking into account the effect of the Share Consolidation;
- (ii) a discount of approximately 97.25% to the equivalent average closing price of approximately HK\$3.724 per Consolidated Share based on the average of the closing price of approximately HK\$1.862 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day after taking into account the effect of the Share Consolidation;
- (iii) a discount of approximately 97.36% to the equivalent average closing price of approximately HK\$3.882 per Consolidated Share based on the average of the closing price of approximately HK\$1.941 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day after taking into account the effect of the Share Consolidation;
- (iv) a discount of approximately 97.25% to the equivalent average closing price of approximately HK\$3.728 per Consolidated Share based on the average of the closing price of approximately HK\$1.864 per Share as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day after taking into account the effect of the Share Consolidation; and
- (v) a premium of approximately HK\$0.1781 over the audited net liabilities value per Consolidated Share of approximately HK\$0.0756 based on the published audited consolidated net liabilities of the Company of approximately HK\$38,208,000 as at 31 December 2016 and the issued share capital of 505,250,000 Consolidated Shares upon the Share Consolidation becoming effective.

The Issue Price was determined after arm's length negotiations among the Company and the Vendors after taking into account (i) the prolonged Suspension; (ii) the net liabilities position of the Group as at 30 June 2016; (iii) the consecutive loss making recorded by the Group in recent years; (iv) the business and prospects of the Target Group; and (v) the fund required for the continuing operation of the Enlarged Group. The Directors consider that the Issue Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Consideration Shares shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issuance including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of issuance and allotment.

B. The Consideration CBs

The principal terms of the Consideration CBs are summarised as below:

Issuer:	The Company
Aggregated principal amount:	HK\$129,470,312.50
Interest:	The Consideration CBs do not carry any interest
Maturity:	The date falling on the fifth anniversary of the date of issue of the Consideration CBs (the “ Maturity Date ”)
Conversion period:	From the date of issue of the Consideration CBs up to and including the Maturity Date (the “ Conversion Period ”)
Conversion Price:	Initially HK\$0.1025 per Consolidated Share (subject to adjustment)
Underlying number of Shares	Based on the Conversion Price, a maximum of 1,263,125,000 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attaching to the Consideration CBs in full
Conversion rights and restrictions:	Provided that (i) any conversion of the Consideration CBs does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the bondholder exercising the conversion rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Consideration CBs (if applicable, including any Shares acquired by the parties acting in concert with the holder(s) of the Consideration CBs) represents more than 30% (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) the public float of the Consolidated Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Consolidated Shares of the Company at any one time in compliance with the Listing Rules and the bondholder shall, subject to compliance with the procedures set out in the conditions, have the right at any time during the Conversion Period to convert the whole or part of the outstanding principal amount of the Consideration CBs registered in its name into Consolidated Shares

- Voting: The holders of the Consideration CBs (in their capacity as such) shall not be permitted to attend or vote at any meetings of the Shareholders
- Redemption:
- (i) any amount of the Consideration CBs which is converted will forthwith be cancelled. Certificate in respect of the Consideration CBs cancelled will be forwarded to or to the order of the Company and such Consideration CBs may not be reissued or resold;
 - (ii) any amount of the Consideration CBs which remains outstanding on the Maturity Date shall be redeemed at its then outstanding principal amount; and
 - (iii) the Company shall be entitled, prior to the Maturity Date but subject to the written consent from the relevant bondholder(s), to redeem the then outstanding Consideration CBs from any bondholder(s) at the discretion of the Company, at 100% of the principal of those Consideration CBs or any part thereof. The Consideration CBs or any part thereof redeemed shall be forthwith cancelled. For the avoidance of doubt, the Company shall not be entitled to redeem any part of the Consideration CBs without the written consent from the bondholder(s)
- Transferability: With the prior notification to the Company, the Consideration CBs may be transferable provided that the Consideration CBs may not be transferred to any connected person of the Company without prior written consent of the Company
- Ranking: The Conversion Shares issued upon conversion of the Consideration CBs will in all respects rank *pari passu* with the Consolidated Shares in issue on the date of allotment and issue of such Conversion Shares and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date. A holder of Conversion Shares issued on conversion of the Consideration CBs shall not be entitled to any rights the record date for which precedes the relevant conversion date
- Adjustment events: The Conversion Price shall from time to time be subject to adjustment upon occurrence of certain events:
- (i) consolidation or subdivision of the Consolidated Shares;
 - (ii) capitalisation of profits or reserves;

- (iii) capital distribution;
- (iv) offer to the Shareholders of Consolidated Shares for subscription by way of rights, or a grant of options or warrants to subscribe for Consolidated Shares, at a price which is less than 80% of the market price per Consolidated Share;
- (v) issue wholly for cash or for reduction of liabilities of securities convertible into or exchangeable for or carrying rights of subscription for Consolidated Shares, if in any case the total effective consideration per Consolidated Share receivable (or in the case of reduction in liabilities, the amount of liabilities to be reduced) is less than 80% of the market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable is less than 80% of such market price per Consolidated Share;
- (vi) issue of Consolidated Shares being made wholly for cash or for reduction of liabilities at a price less than 80% of the market price per Consolidated Share;
- (vii) issue of Consolidated Shares for the acquisition of asset at a total effective consideration per Consolidated Share which is less than 80% of the market price per Consolidated Share; and
- (viii) issue of securities convertible into or exchangeable for or carry rights of subscription for new Consolidated Shares for the acquisition of asset at a total effective consideration per Consolidated Share which is less than 80% of the market price per Consolidated Share.

Listing: No listing will be sought for the Consideration CBs on the Stock Exchange or any other stock exchange

The Conversion Price, which is equivalent to the Issue Price, the Offer Price and the Placing Price, was determined after arm's length negotiations among the Company and the Vendors pursuant to the Acquisition Agreement and the Company considers that the terms of Consideration CBs are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Application for the listing of the Consideration Shares and Conversion Shares

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares and the Conversion Shares to be allotted and issued upon the exercise of the conversion rights attaching to the Consideration CBs. The Consideration Shares and the Conversion Shares shall be allotted and issued under a specific mandate of the Company to be obtained at the EGM.

Acquisition Completion

The Acquisition Completion shall take place at 4:00 p.m. on the third Business Day (or such other date as the Vendors and the Company may agree in writing) after all the conditions precedent under the Acquisition Agreement having been fulfilled or waived (as the case may be) by the relevant parties.

Conditions precedent

Acquisition Completion shall be conditional upon and subject to:

- a. the Company being reasonably satisfied with the results of the due diligence review to be conducted on the Target Group;
- b. all necessary consents, licences and approvals and/or waiver required to be obtained on the part of the Vendors and the Target Group and all matters required to be fulfilled by the Vendors and the Company under or by the Listing Rules, the Takeovers Code, the Stock Exchange, the SFC and/or other regulatory bodies in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- c. all necessary consents, licences and approvals and/or waiver required to be obtained on the part of the Company and all matters required to be fulfilled by the Company under or by the Listing Rules, the Takeovers Code, the Stock Exchange, the SFC and/or other regulatory bodies in respect of the Acquisition Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- d. the passing by the Independent Shareholders at the EGM to be convened and held of resolutions to approve the Acquisition Agreement and the transactions contemplated thereby, including but not limited to the issue of the Consideration CBs and the Consideration Shares, the issue of the Conversion Shares which may fall to be issued upon the exercise of the conversion rights attaching to the Consideration CBs, the Whitewash Waiver, as well as the Placing Agreement, the Disposal, the Share Consolidation and other matters, if any and if required, under the Resumption Proposal and the respective transactions contemplated thereunder, and all other consents and acts required under the Listing Rules and the Takeovers Code having been obtained and completed or, as the case may be, the relevant waiver from compliance with any of such rules having been obtained from the Stock Exchange and/or the SFC;
- e. the obtaining of a PRC legal opinion (in form and substance satisfactory to the Company) from a firm of PRC legal advisers in relation to (i) the Acquisition Agreement and the transactions contemplated thereby; and (ii) the due incorporation, assets, business, compliance with laws and other aspects of the Target Group which the Company may reasonably require;
- f. the warranties given by the Vendors in the Acquisition Agreement remaining true and accurate in all material respects;
- g. there having been no material adverse change in the operation, business, assets, finances or prospects of the Target Group since 1 October 2016 and up to Acquisition Completion;

- h. the Disposal Agreement having become unconditional or completed;
- i. the Executive granting the Whitewash Waiver to the Vendors (and such waiver not being subsequently revoked prior to the Acquisition Completion) and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- j. the Listing Committee granting the listing of and permission to deal in the Consideration Shares and the Conversion Shares;
- k. the Stock Exchange granting the approval to the Company for the issue of the Consideration CBs;
- l. the Stock Exchange granting approval for the Resumption;
- m. the issue of the circular by the Company as required under the Listing Rules and the Takeovers Code;
- n. the completion of the Reorganisation and the Company having obtained legal opinion(s) issued by lawyers in relevant jurisdictions in respect of the due completion of the Reorganisation in such form and substance satisfactory to the Company;
- o. the Placing Agreement having become unconditional (other than the condition for Acquisition Agreement to become unconditional), if applicable; and
- p. the Share Consolidation having become effective.

The Company may at its absolute discretion at any time waive in writing any of the conditions set out in (a), (e), (f), (g) and (h) (to the extent it is capable of being waived) and such waiver may be made subject to such terms and conditions as are determined by the Company. Other than the conditions set in (a), (e), (f), (g) and (h), all the conditions set out above are not waivable. If the conditions set out in the Acquisition Agreement have not been satisfied (or as the case may be, waived) on or before 31 October 2017 (or such other date as may be agreed between the Vendors and the Company), the Acquisition Agreement shall cease and determine (save and except causes stated in the Acquisition Agreement which shall continue to have full force and effect) notwithstanding any other provisions of the Acquisition Agreement, and thereafter none of the parties shall have any obligations and liabilities towards the others save for any antecedent breaches of the terms of the Acquisition Agreement.

As at the date of this announcement, none of the above conditions precedent has been fulfilled.

Information on the Vendors

Mr. Hung, aged 47, being the controlling shareholder of the Target Group, will be primarily responsible for formulating the overall development strategies and business plan of the Enlarged Group. Mr. Hung took the overall business development of the Target Group since 2012 and continues to oversee the management of the operations and business of the Target Group. He has guided the operations and business of the Target Group in adhering to quality and innovation in the operations since he took up the business development of the Target Group in 2009. As at the date of this announcement, Mr. Hung is beneficially interested in 93.62% of the issued shares of the Target Company.

Ms. Hung, aged 52, the elder sister of Mr. Hung, who is principally engaged in the investment activities in Hong Kong and China, is beneficially interested in 2.94% of the issued shares of the Target Company as at the date of this announcement.

Mr. Ho, aged 65, who has extensive experience in property industry, is beneficially interested in 2.23% of the issued shares of the Target Company as at the date of this announcement.

Mr. So, aged 36, joined the Target Group in 2004 and is serving as executive chef and brand general manager of *Faigo* (“輝哥”) and *Xiao Faigo* (“小輝哥”) and has gained over 12 years of experience in the catering industry and operations management. Mr. So is beneficially interested in 1.18% of the issued shares of the Target Company as at the date of this announcement.

Ms. Sezto, aged 43, is engaged in asset management in the PRC, and is legally interested in 0.03% of the issued shares of the Target Company as at the date of this announcement, which is beneficially held on trust as trustee for Mr. Hung.

To the best of the Directors’ knowledge information and belief, having made all reasonable enquiries, the Vendors are Independent Third Parties and independent to the Disposal Purchaser (together with the parties acting in concert with him).

Information on the Target Company and Target Group

The Target Group is one of the top five Cantonese-style hotpot restaurant operators in China in terms of sales revenue in 2015 according to Frost & Sullivan. The hotpot restaurant market in China can be divided into Cantonese-style, Mongolia-style, Sichuan-style, and other-style hotpot. Cantonese-style hotpot restaurants accounted for around 12.3% of total hotpot restaurant market in 2015 in the PRC. Within the Cantonese-style hotpot restaurants segment, the Target Group had a market share of 1.5% in terms of revenue in 2015. The Target Group accounted for approximately 0.2% of the market share of the overall hot pot market in terms of revenue in 2015 in the PRC. The Target Group specialises in seafood hotpot cuisine with a signature menu which is characterised by the Target Group’s soup base and a wide range of selection of seafood and beef. As at 22 July 2017, the Target Group owned and operated a total of 93 restaurants.

Since all restaurants operating under the brands owned by the Target Group are self-owned except one in Beijing operating under a license agreement, this enables the Target Group to closely control the development of businesses in terms of quality of the foods, services standards and brand awareness. The Target Group owns two brands in the PRC, namely, *Faigo* (“輝哥”) and *Xiao Faigo Hotpot* (“小輝哥火鍋”). Out of the 93 restaurants owned and operated by the Target Group as at 22 July 2017, 86 of them are under the brand *Xiao Faigo Hotpot* (“小輝哥火鍋”) in the PRC and the remaining 7 of them are under the brand *Faigo* (“輝哥”) in the PRC. Restaurants operating under the brand *Faigo* (“輝哥”) in the PRC focus on high end market with an average spending per customer of approximately RMB433.14, RMB538.51, RMB639.40 and RMB672.12 for the year ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2017, respectively, while the restaurants operating under the brands *Xiao Faigo Hotpot* (“小輝哥火鍋”) in the PRC targets the mid-tier market and appeals to mass public with an average spending per customer of approximately RMB119.00, RMB114.92, RMB108.25 and RMB115.52 for the year ended 31 December 2014, 2015, 2016, and the three months ended 31 March 2017 respectively.

The Target Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 19 August 2016 by its initial subscriber, who, on the same date, transferred to Mr. Hung one issued share, which represented the entire issued share capital of the Target Company at the time. Upon completion of the Reorganisation, the Target Company will become the holding company of the subsidiaries comprising the Target Group.

Financial information of the Target Group

Set out below are the key latest unaudited financial information of the Target Group for the three years ended 31 December 2016 and the three months ended 31 March 2017, in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, which will be audited by PricewaterhouseCoopers:

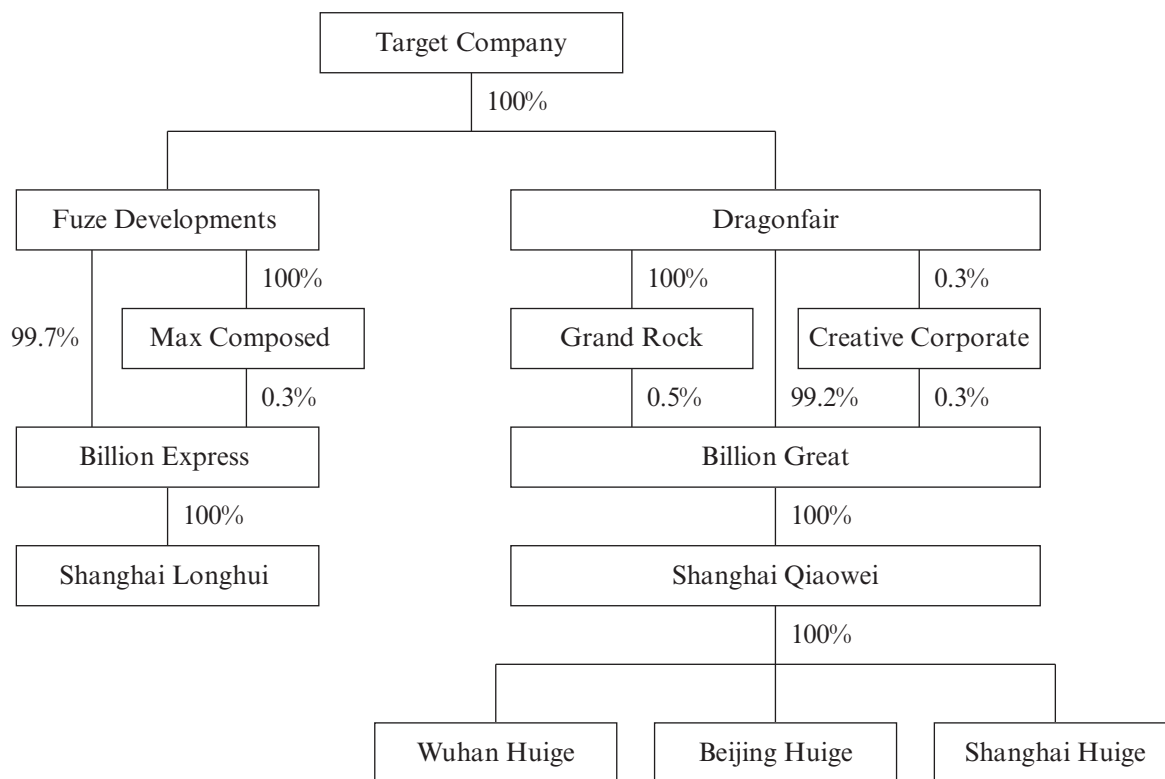
	For the year ended 31 December 2014 <i>RMB'000</i>	For the year ended 31 December 2015 <i>RMB'000</i>	For the year ended 31 December 2016 <i>RMB'000</i>	For three months ended 31 March 2017 <i>RMB'000</i>
Revenue	516,111	716,199	707,311	188,438
Profit before income tax	9,845	52,858	54,822	18,757
Profit for the year	5,410	36,544	38,503	13,149
Total Assets	225,472	309,256	387,561	373,740
Net (Liabilities) Assets	(15,554)	20,990	59,492	40,798

Pursuant to Rules 14.58(6) and (7) of the Listing Rules, the Company is required to disclose the above financial information relating to the Target Group in this announcement. Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information relating to the Target Group constitutes a profit forecast and should be reported on by the Company's financial adviser and reporting accountants (the "Reports") under Rule 10.4 of the Takeovers Code. However, due to the practical difficulties of including the Reports in this announcement due to additional time required for the preparation of the Reports by the Company's financial advisers and reporting accountants, the financial information relating to the Target Group disclosed above is not strictly in compliance with the requirements of Rule 10 of the Takeovers Code. A full set of the audited financial information relating to the Target Group prepared under International Financial Reporting Standards will be reported upon by PricewaterhouseCoopers as the reporting accountants of the Target Group, which will be in full compliance with the requirements of the Takeovers Code, will be included in the circular to be issued by the Company to the Shareholders. Shareholders should note that there may be differences between the unaudited financial information relating to the Target Group as presented in this announcement and the audited financial information to be presented in the circular to be issued by the Company to the Shareholders.

The Company would like to draw the attention of the Shareholders and potential investors that the above unaudited financial information in relation to the Target Group does not meet the standard required by Rule 10 of the Takeovers Code and is subject to review by the reporting accountants of the Target Group and therefore subject to changes. Shareholders and potential investors should exercise caution in placing reliance on the above information in assessing the merits and demerits of the Acquisition and any other transactions disclosed in this announcement.

Reorganisation of the Target Group

The following chart demonstrates the group structure of the Target Group upon completion of Reorganisation.



As depicted by the above chart, the Target Group shall consist of the Target Company and subsidiaries of the Target Group upon completion of Reorganisation. Further details of the Reorganisation will be included in the circular of the Company to be issued and despatched to the Shareholders in due course.

Recent and planned expansion

For the three years ended 31 December 2016 and the three months ended 31 March 2017, the Target Group opened 44, 33 and 10 new restaurants respectively, the movement of which is set for the below:

	For the year ended 31 December				For the three months ended 31 March			
	2014	2015	2016	2017	2014	2015	2016	2017
	Faigo Hotpot ("輝哥")	Xiao Faigo Hotpot ("小輝哥 火鍋")	Faigo Hotpot ("輝哥")	Xiao Faigo Hotpot ("小輝哥 火鍋")	Faigo Hotpot ("輝哥")	Xiao Faigo Hotpot ("小輝哥 火鍋")	Faigo Hotpot ("輝哥")	Xiao Faigo Hotpot ("小輝哥 火鍋")
Opening balance	8	14	8	57	8	83	8	89
Addition	0	44	1	32	0	10	0	1
Cessation of business	0	1	1	6	0	4	1	0
Net increase	0	43	0	26	0	6	0	1
Closing balance	8	57	8	83	8	89	7	90

Subsequent to 31 December 2016 and up to 31 March 2017, the Target Group opened one new restaurant under the brand *Xiao Faigo Hotpot* (“小輝哥火鍋”) in Shanghai. The Target Group also closed down four restaurants under the brand *Xiao Faigo Hotpot* (“小輝哥火鍋”) and one restaurant under the brand *Faigo* (“輝哥”) in Shenzhen.

The Target Group believes that a wide restaurant network will enhance the public awareness of its brands and drive the growth of the income of the Target Group. Meanwhile, as the scale of operation of the Target Group expands, the Target Group will be able to enjoy the economy of scale and will be in a more advantageous position during its operations, such as procurement, selection of new site for restaurants and recruitment.

The Target Group will continue to expand its sales network and therefore intends to open a total of 30 new restaurants by the end of 2018. Some of the planned new restaurants are expected to be opened in regions of the PRC where the Target Group does not have existing restaurants such as Zhongshan, Fuzhou, Chengdu and Changsha. As at 22 July 2017, the Target Group has entered into binding leases for the sites for six of the restaurants planned. The Target Group will open these restaurants immediately upon obtaining the requisite licenses. The new restaurants to be opened will be of similar size of the existing restaurants under the brand *Xiao Faigo Hotpot* (“小輝哥火鍋”).

The Target Group also closely monitors the performance of its restaurants and will adjust its restaurant network where appropriate. During the three years ended 31 December 2016, the Target Group ceased the business of respectively, one, seven, four and one restaurants, respectively, during the year ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2017. Two of the said 13 restaurants were ceased as the landlord of the relevant shopping mall proposed to undergo overall revamp for the shopping mall and the landlord requested early termination of the Target Group’s tenancies for these two restaurants. The Target Group received compensation from the landlords of approximately RMB1.3 million in aggregate. For the remaining 11 restaurants, they were closed down by reason of underperformance.

The table below sets forth the expansion plan of the Target Group up to the end of 2018 and the associated capital expenditure for each geographical region:

	2017			2018		
	New Restaurant		Total Capital Expenditure	New Restaurant		Total Capital Expenditure
	Faigo (“輝哥”)	Xiao Faigo Hotpot (“小輝哥火鍋”)		Faigo (“輝哥”)	Xiao Faigo Hotpot (“小輝哥火鍋”)	
Shanghai	0	5	RMB9.7 million	0	5	RMB11.2 million
Beijing	0	7	RMB13.6 million	0	5	RMB11.7 million
Other	1	2	RMB11.2 million	1	4	RMB16.4 million
Total	1	14	RMB34.5 million	1	14	RMB39.3 million

The above expansion plan involves an aggregate investment cost of approximately RMB77.6 million, or RMB2.6 million per each restaurant, of which approximately RMB1.4 million has been incurred as at 22 July 2017. The Target Group historically funded its expansion plan from revenue generated from its ordinary course of business.

Following Completion, the proposed Directors intend to fund the expansion of the Target Group's restaurants as described by the net proceeds from the Share Placing as well as revenue generated from its ordinary course of business.

Of those 88 restaurants opened during the three years ended 31 December 2016 and the three months ended 31 March 2017, 75 restaurants achieved Monthly Break-even on or before 31 March 2017 while the remaining 13 restaurants had not achieved Monthly Break-even on or before 31 March 2017. For those restaurants which have achieved Monthly Break-even, it took them approximately 2.65 months on average to achieve the Monthly Break-even.

As to the time required for newly opened restaurants to achieved cash investment payback, of those 75 restaurants opened during the three years ended 31 December 2016 and the three months ended 31 March 2017, 40 restaurants achieved Cash Investment Payback Point on or before the end of 31 March 2017 while 35 restaurants had not achieved Cash Investment Payback Point on or before 31 March 2017. For those restaurants which have achieved cash investment payback, it took them approximately 13.35 months on average to achieve that.

The actual number, location and timing of new restaurant openings will be affected by a number of factors and subject to a number of uncertainties. The Target Group may make necessary adjustment to the number, location, timing of planned new restaurant openings depending on the existing market conditions and status of pre-opening development and preparation for existing restaurants.

Future plan and business strategy

The Target Group's goal is to become the preferred full-service Cantonese-style hotpot restaurants chain offering premier and quality foods and services in the PRC. The Target Group aims to achieve its goal by implementing the strategies of (i) replicating the business models and expand the restaurants network; (ii) drive same-store sales growth and profitability; (iii) continue to promote brand image and recognition; and (iv) continue to strengthen operational infrastructure to deliver sustainable growth.

Information on the Group

The Company, principally engaged in investment holding, was incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board. The trading in the Shares has been suspended since 9 a.m. on 22 March 2012.

The Group was principally engaged in production, marketing and sales of dairy products and the operation and management of ecological farm and related business in the PRC. As referred to in the announcement of the Company dated 29 March 2012, during the audit process in respect of the financial year ended 31 December 2011, the irregularities were identified by the Predecessor Auditors. The Predecessor Auditors tendered its resignation as auditors of the Company with effect from 21 March 2012, and the trading in the Shares on the Stock Exchange has been suspended since 22 March 2012.

On 6 November 2013, the Company had retained RSM as the forensic accountant to provide independent forensic accounting services to the Company. RSM investigated and evaluated certain potentially fraudulent transactions of the Company raised by the Predecessor Auditors and to identify any person who might be responsible for the potentially fraudulent transactions of the Company, if applicable.

As updated in the announcement of the Company dated 29 January 2014, RSM had commenced its work including but not limited to making inquiries and performing preliminary research on the irregularities. However, as most financial documents and records were said to be damaged and irretrievable within the Group due to the accident occurred in early January 2013 and given the limited knowledge of the current management to the irregularities and the limited resources of the Company, there is difficulty for the Company to reconstruct or locate such records.

On 4 April 2014, the Company updated the forensic investigation progress that the field work of RSM has yet to commence as the Company has encountered difficulties in procuring the relevant parties including the previous management to cooperate to enable the field work of RSM to be commenced.

On 13 June 2014, the Company has engaged two PRC law firms with the objectives to: (i) effect the change of legal representatives and board of directors of the PRC Subsidiaries through legal means; and (ii) obtain the information requested by RSM. RSM has also adjusted the direction of its work plan to place more reliance on the information to be obtained from the third parties sources.

Nevertheless, as further disclosed in the announcement of the Company dated 5 September 2014, (i) the Company was still in the process of changing the legal representative of the PRC Subsidiaries; (ii) the field work of RSM has yet to commence; and (iii) the existing management of the PRC Subsidiaries were unwilling to assist the field work of the forensic investigation. RSM has revised its work plan to focus on the analysis of information that may be obtained from external sources including the Predecessor Auditors, the PRC lawyers and other parties accordingly.

According to the announcement of the Company dated 28 November 2014, in view of the uncooperative approach of the existing management of the PRC Subsidiaries, RSM and the Company experienced considerable difficulties in obtaining the necessary information for the purpose of the forensic review. The forensic investigation of the Company was still ongoing though at a slow pace in view of the difficulties involved. The Company would devote the highest effort to provide RSM with the necessary information.

Based on the latest information available to the Board at that time, the then Board has reasonable belief that the PRC Subsidiaries were still operating their ordinary business while Changqing Dairy was suspected to have suspended its production. Furthermore, the Company, as the shareholder of its PRC Subsidiaries, has served notice to require the board of directors of the PRC Subsidiaries to effect the change of their respective legal representatives to the person nominated by the Board. On 30 April 2015, due to insufficient financial resources of the Company, the investigation by RSM was temporarily halted until the existing Board is formed. However, the investigation by RSM has yet to be resumed as at the date of this announcement due to (i) insufficient financial resources of the Company; and (ii) the results of the disposal of the PRC Subsidiaries to fulfil the resumption conditions of the Company is pending as at the date hereof.

On 26 May 2016, the Stock Exchange issued a letter to the Company stating that the Stock Exchange decided to place the Company in the third delisting stage, and the Company was required to submit a viable resumption proposal by the end of the third delisting stage. On 21 November 2016, the Resumption Proposal was submitted to the Stock Exchange by the Company to demonstrate to the Stock Exchange that when the Resumption Proposal is successfully implemented, the conditions for the Resumption will be satisfied. On 27 February 2017, the Company filed the new listing application to the Stock Exchange in relation to the Acquisition.

Reasons for and benefits of the Acquisition

The Target Group is one of the top five Cantonese-style hotpot restaurant operators in China in terms of revenue in 2015 in the PRC in accordance with an industry report conducted by Frost & Sullivan.

The Target Group specialises in seafood hotpot cuisine with a signature menu which is characterised by the Target Group's soup base and a wide range of selection of fresh seafood and fresh beef. The Target Group started its first restaurant in Shanghai in 2004 under the brand *Faigo* (“輝哥”) and gradually expanded its restaurant network to other major cities in the PRC including Beijing, Shenzhen, Nanjing and Hangzhou since 2010.

The Acquisition forms part of the proposed Resumption. It is expected that upon Acquisition Completion, the Group will have a sufficient level of operation while the implementation of the efficient internal control systems will improve the capital base and the financial and liquidity position of the Group.

Given the foregoing, the Directors (excluding the independent non-executive Directors whose view will be set out in a circular after receiving advice from an Independent Financial Adviser) are of the view that the Acquisition is in the interests of the Company and the Shareholders as a whole and the terms of the Acquisition Agreement are fair and reasonable.

Change in principal business activities of the Enlarged Group after the Resumption

After Acquisition Completion, the Target Group will become wholly-owned subsidiaries of the Company and the Enlarged Group will primarily focus on the operation of hotpot restaurants in the PRC.

Other than the introduction of the business of the Target Group and the Acquisition, the Vendors do not intend to introduce any major change to the Enlarged Group's business (including any re-deployment of the Enlarged Group's fixed assets) after Resumption.

The Acquisition is subject to a number of conditions precedent in the Acquisition Agreement, and is inter-conditional on, including but not limited to, the completion of the Share Placing and the Disposal which will be subject to a number of conditions, which may or may not be fulfilled. In addition, the Listing Committee's approval on the new listing application made by the Company may or may not be granted. As the Acquisition may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when they deal or contemplate dealing in the Shares or other securities of the Company.

IV. IMPLICATIONS OF THE ACQUISITION UNDER THE LISTING RULES AND A NEW LISTING APPLICATION

The Acquisition constitutes a reverse takeover for the Company under Rule 14.06(6)(a) of the Listing Rules on the basis that the Acquisition (i) constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules as the applicable percentage ratios under Rule 14.07 of the Listing Rules are over 100%; and (ii) involves an acquisition of assets from the Vendors which will result in a change in control (as defined under the Takeovers Code) of the Company immediately after the allotment and issue of the Consideration Shares, the Conversion Shares upon the full conversion of the Consideration CBs, the Placing Shares and the Offer Shares. As Mr. Hung will become a Controlling Shareholder and an executive Director upon Resumption, the Acquisition will also constitute a connected transaction for the Company pursuant to Rule 14A.28 of the Listing Rules.

Under Rule 14.54 of the Listing Rules, the Company will be treated as if it were a new listing applicant. The Enlarged Group must be able to meet the basic listing eligibility requirements of Rule 8.05 of the Listing Rules and the Enlarged Group must be able to meet all other basic conditions set out in Chapter 8 of the Listing Rules.

The Acquisition is also subject to the approval of the Listing Committee. As at the date of this announcement, the new listing application has been submitted to the Stock Exchange. The Listing Committee may or may not grant its approval to the new listing application. If such approval is not granted by the Listing Committee, the Acquisition Agreement will not become unconditional and the Acquisition will not proceed.

The Acquisition is subject to the approval of the Independent Shareholders at the EGM. The Consideration Shares and the Conversion Shares will be issued under a specific mandate to be obtained at the EGM.

V. IMPLICATIONS OF THE ACQUISITION UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Vendors and parties acting in concert with them are not interested in any Shares. Upon the implementation of the transactions contemplated under this announcement, including but not limited to the Acquisition, the Share Placing and the Open Offer but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs, the Vendors and parties acting in concert with them will, in aggregate, hold approximately 73.53% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares, the Offer Shares and the Placing Shares, but before the allotment and issue of any of the Conversion Shares.

Under Rule 26 of the Takeovers Code, the acquisition of voting rights of 30% or more will trigger an obligation on the Vendors to make a general offer for all the securities of the Company other than those already owned or agreed to be acquired by the Concert Group, unless the Whitewash Waiver is granted by the Executive and approved by the Independent Shareholders at the EGM by way of poll.

The Vendors will make an application to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by

the Independent Shareholders at the EGM by way of poll, in which the Concert Group and those who are involved in or interested in the Acquisition will abstain from voting on the relevant resolution(s).

If the Whitewash Waiver is approved by the Independent Shareholders, the shareholding of the Vendors and parties acting in concert with them may exceed 50%, in which event the Vendors may further increase their shareholding in the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.

As at the date of this announcement, the Company does not believe that the Consideration Shares, the Conversion Shares and the Placing Shares will give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the date of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as practicable. The Company notes that the Executive may not grant the Whitewash Waiver if the Consideration Shares and the Conversion Shares do not comply with other applicable rules and regulations.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

As at the date of this announcement and other than the Acquisition Agreement and save for the Acquisition and save as disclosed in the section headed “EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY” in this announcement, none of the members of the Concert Group have acquired or entered into any agreement to acquire any voting rights of the Company or deal in the relevant securities of the Company (as defined in Note 4 to Rule 22 of the Takeovers Code) in the six months prior to the announcement of the Company dated 21 December 2016 and up to the date of this announcement. The Vendors also confirm that:

- (i) none of the members of the Concert Group holds, owns, controls or has direction over any Shares, convertible securities, warrants, options or derivatives in respect of the Shares nor has entered into any outstanding derivatives in respect of the securities of the Company;
- (ii) none of the members of the Concert Group has received any irrevocable commitment to vote for or against the proposed resolutions approving the transactions contemplated under this announcement at the EGM;
- (iii) there is no arrangement (whether by way of option, indemnity or otherwise) under Note 8 to Rule 22 of the Takeovers Code in relation to the Shares or shares of the members of the Concert Group which might be material to the transactions contemplated under this announcement;
- (iv) there is no arrangement or agreement to which any of the members of the Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under this announcement; and
- (v) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which any of the members of the Concert Group has borrowed or lent.

VI. THE DISPOSAL

The Disposal Agreement

On 21 November 2016, the Company (as the vendor) and Mr. Jiang (as the purchaser) entered into the Disposal Agreement (as amended and supplemented by a supplemental agreement dated 30 June 2017) pursuant to which the Company has conditionally agreed to sell and the Disposal Purchaser has conditionally agreed to purchase the entire issued share capital of Global Milk Singapore for a cash consideration of HK\$1.00.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Disposal Purchaser and the parties acting in concert with him, who are Independent Third Parties and independent third parties to the Vendors, are not interested in any Shares as at the date of this announcement.

Disposal Consideration

The Disposal Consideration of HK\$1.00 for the entire issued share capital of the Global Milk Singapore shall be paid by the Disposal Purchaser to the Company in cash upon Disposal Completion.

The Disposal Consideration was arrived at after arm's length negotiations between the Company and the Disposal Purchaser on normal commercial terms with reference to (i) the inaccessibility to complete books and records which rendered the Directors unable to form an informed overall assessment on the assets, liabilities, business and operations of the Disposal Group; (ii) the risk of potential liabilities relating to the Disposal Group which could not be made certain due to the loss of books and records not known to the Group; (iii) the Directors' view that the Disposal Group should be considered as distressed assets; (iv) the Disposal Group have been de-consolidated into the financial statements of the Group since 1 January 2011; (v) the unclear and suspicious transactions in the PRC Subsidiaries in the past; (vi) the undertakings given by the Disposal Purchaser to share and pay a percentage of the proceeds from any future sales or transfers of all or part of the entire issued share capital or any of its economic interests or any assets of any member of the Disposal Group to the Company, and hence effectively serve as a means and offer the possibility for the Company to recover part of its loss; and (vii) the unavailability of information have put the Group in an extremely difficult position to identify and secure potential buyers for valuable consideration of the Disposal Group, the Disposal is the best option available at this moment for the Company to protect itself against any harm to its reputation and businesses by disassociating the legal relationship between the PRC Subsidiaries and the Company and thereby eliminating the potential risk arising from the Disposal Group while at the same time securing for the Company any potential gain that may arise from the net proceeds pursuant to the undertakings under the Disposal Agreement.

The Board believes that Mr. Jiang has taken the abovementioned factors into account and reached an informed commercial decision in entering into the Disposal Agreement, which contains an undertaking to share any net proceeds which Mr. Jiang might be able to receive from the Disposal Group (if any) pursuant to the proportions as set out in the Disposal Agreement.

Therefore, the Directors (excluding the independent non-executive Directors whose view will be set out in a circular after receiving advice from an independent financial adviser) consider the payment terms of the Disposal Consideration under the Disposal Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Undertakings

Pursuant to the Disposal Agreement, the Disposal Purchaser undertakes to the Company that if the Disposal Purchaser (or its nominee): (i) enters into any agreement, arrangement or assignment with any third party for the sale or transfer of any share capital of Global Milk Singapore or any of the economic interests or assets of any Disposal Group; or (ii) recovers any assets from any persons; or (iii) receives any dividend from any Disposal Group (collectively as the “**Events**”) whether by way of liquidation or otherwise:

- a. on or before the first anniversary of the date of Disposal Completion, the Disposal Purchaser agrees to pay the Company, within five Business Days upon receipt of any proceeds from any Event after deducting all reasonable costs and expenses incurred by the Disposal Group and all advancement of loans made or to be made by the Disposal Purchaser to meet funding and working capital requirements of the Disposal Group of the proceeds from any of the Events after deducting the expenses (the “**Net Proceeds**”), a sum equivalent to 50% of the Net Proceeds; or
- b. after the first anniversary of the date of Disposal Completion and up to the fifth anniversary of the date of Disposal Completion, the Disposal Purchaser agrees to pay to the Company, within five Business Days upon receipt of the Net Proceeds, a sum equivalent to 30% of the Net Proceeds.

Pursuant to the Disposal Agreement, the Disposal Purchaser undertakes to the Company that the Disposal Purchaser (or its nominee) shall sell or transfer the share capital of Global Milk Singapore and/or the economic interests or all of the assets of any Disposal Group at a reasonable consideration to third party(ies) independent and not connected with the Disposal Purchaser on or before the date falling two years after the date of Disposal Completion.

The Disposal Purchaser shall or shall procure its nominee to report to the Company in a meeting, via telephone conference, via facsimile or via email within five Business Days after the end of each calendar month after Disposal Completion:

- (i) the progress of any agreement, arrangement or assignment with any third party(ies) for the sale or transfer of any share capital of the Disposal Group or any of the economic interests or any assets of any Disposal Group; and/or
- (ii) the progress of any steps to enter into receivership or liquidation and present petition for winding up or appoint receiver for any Disposal Group, if any.

The Company and the Disposal Purchaser thereby acknowledge and agree in the event that upon Disposal Completion, the Company is unable to transfer and assign the legal title in the sale share of the Global Milk Singapore to the Disposal Purchaser for whatever reason, the Company shall nevertheless execute and deliver all necessary documents (whether designated under the Disposal Agreement or otherwise) pursuant to the clause set out in the Disposal Agreement (to the extent they are within control or possession of

the Company) to effect the assignment and transfer of the beneficial interest in the sale share of Global Milk Singapore to the Disposal Purchaser upon Disposal Completion, and in which event: (a) the Company shall continue to hold the sale share of Global Milk Singapore and any interest or benefit it may receive under the sale share of Global Milk Singapore as trustee on trust for and on behalf of the Disposal Purchaser absolutely until the legal title of the sale share of Global Milk Singapore is transferred to the Disposal Purchaser, and (b) the Disposal Purchaser shall assume all the liabilities and obligations as a holder of the sale share of Global Milk Singapore to the exclusion of the Company with effect from Disposal Completion. The parties thereby further undertake to each other that each of them shall promptly execute such further documents or conduct all such acts to complete the transfer of the legal interest in the sale share of Global Milk Singapore from the Company to the Disposal Purchaser as soon as practicable after Disposal Completion.

Conditions precedent

Disposal Completion is conditional upon:

- (i) where necessary, the passing by the Shareholders (other than those who are required by the Listing Rules or applicable laws and regulations not to vote or to abstain from voting) at the EGM of an ordinary resolution to approve the Disposal Agreement and the transactions contemplated thereunder;
- (ii) Global Milk Singapore having waived the loan which amounted to approximately HK\$1,028,000 owing or being incurred by the Company to Global Milk Singapore as at the date of this announcement in form and substance satisfactory to the Company; and
- (iii) all necessary consents, authorisations, licences and approvals for or in connection with the sale and purchase of the entire issued share capital of Global Milk Singapore having been obtained.

If any of the above conditions is not fulfilled at or before 5:00 p.m. on 31 October 2017 or such later date as the Company and the Disposal Purchaser may agree, the Disposal Agreement shall cease and determine pursuant to the Disposal Agreement and no party shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

For the avoidance of doubt, the Disposal is not conditional upon the Resumption and other transactions disclosed in this announcement.

Disposal Completion

Disposal Completion shall take place at or before 4:00 p.m. on the second Business Day after all the conditions precedent pursuant to the Disposal Agreement are being satisfied, or at such time as the Company and the Disposal Purchaser may otherwise agree in writing.

Upon Disposal Completion, the Group will cease to have any beneficial interest in any company in the Disposal Group, and all the companies in the Disposal Group will cease to be subsidiaries of the Company.

Information on the Disposal Group

The Directors are aware that the Disposal Group is principally engaged in manufacture, marketing and sales of dairy products and dairy farming. However, according to the annual results announcement of the Company for the year ended 31 December 2011 and the annual report of the Company for the year ended 31 December 2011, the Disposal Group was deconsolidated from the Group's financial statements since 1 January 2011 due to loss of control by the Company over the Disposal Group.

The Disposal Group includes Global Milk Singapore and its wholly-owned subsidiary, namely Daqing Dairy PRC, which held the entire interest of Benniu Muye through a wholly-owned subsidiary, namely Changqing Dairy, collectively, being all the subsidiaries, was deconsolidated from the Group's financial statements.

Information on the Disposal Purchaser

Mr. Jiang is an Independent Third Party who has extensive experience in the financial services and investment industry in the PRC. In addition, Mr. Jiang has been an active and engaged investor in the stock market in Hong Kong in recent years.

Reasons for the Disposal

Under the circumstances that (i) the identified potential irregularities in respect of certain accounting records and transactions recorded in the books of the PRC Subsidiaries by the Predecessor Auditors of the Company; (ii) both of the forensic accountants of the Company and the Directors have been unable to get access to the books and records of the PRC Subsidiaries and the Directors have been unable to locate the complete books and records of the Company and Global Milk Singapore; and (iii) the previous management of the Group did not respond to the request for any information of the Group, the Company has excluded the Disposal Group in presenting the financial position, results of operations and cash flows and did not prepare consolidated financial statements for the Group.

Furthermore, as disclosed in the announcements dated 9 January 2013 and 29 January 2014 respectively, most financial documents and records were said to be damaged and irretrievable within the Group due to the accident which occurred in Daqing City, Heilongjiang Province of the PRC in early January 2013 and given the limited knowledge of the management to the potential irregularities and the limited resources of the Company, there is difficulty for the Company to reconstruct or locate such records of the PRC subsidiaries.

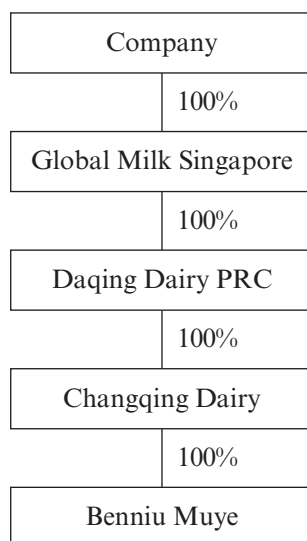
The undertakings given by the Disposal Purchaser to the Company was arrived after arm's length negotiations between the Company and the Disposal Purchaser on the commercial terms, hence, the Directors believe such undertakings effectively serve as a means and offer of the possibility to recover part of loss of the Group.

Having considered that (i) the loss of control over the Disposal Group and the deconsolidation of the financial statements of the Disposal Group from the consolidated financial statements of the Group; (ii) the loss of most financial documents and records of the Disposal Group; and (iii) the undertakings (as mentioned under the sub-section headed "Undertakings") which the Disposal Purchaser has agreed to give, the Directors are of the view that the Disposal will facilitate the process of Resumption.

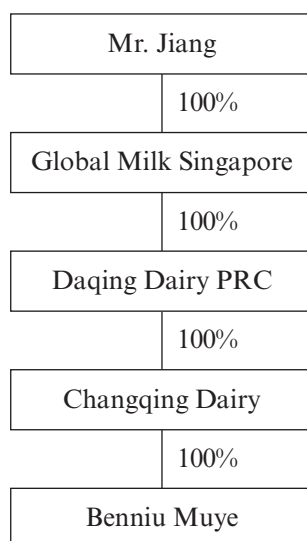
In light of the foregoing, the Directors (excluding the independent non-executive Directors whose view will be set out in a circular after receiving advice from the Independent Financial Adviser) are of the view that the terms pursuant to the Disposal Agreement are fair and reasonable and the entering into of the Disposal Agreement is in the interests of the Company and the Shareholders as a whole.

Change of shareholding structure of relevant entities

The diagram below shows the shareholding structure of the Disposal Group immediately before Disposal Completion:



The diagram below shows the shareholding structure of the Disposal Group immediately after Disposal Completion:



Financial effect of the Disposal

Upon Disposal Completion, the Directors are of the view that the Disposal shall not have any material financial effect on the Group as (i) the Group has not consolidated the financial statements of the Disposal Group and no consolidated financial statements of the Company were prepared since 1 January 2011 for the reason that the Directors have been unable to locate the complete books and records of the Disposal Group; and (ii) the

Disposal Consideration is HK\$1.00. The Company will not record any material gain or loss from the Disposal and the Disposal Consideration will be applied as general working capital of the Company.

Listing Rules Implications

As the highest of the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Rule 14.06 of the Listing Rules and is therefore subject to the announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

VII. THE SHARE PLACING

The Placing Agreement

The Company and the Placing Agent will enter into the Placing Agreement pursuant to which the Placing Agent will place an aggregate of up to 757,875,000 Placing Shares at HK\$0.1025 per Placing Share, on a fully underwritten basis, to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties and independent to the Concert Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties and independent third parties to the Concert Group. Further detailed information of the Share Placing will be included in the circular to be despatched to the Shareholders.

Placees

The Placing Shares will be placed to not less than six Placees who and whose ultimate beneficial owners (a) are Independent Third Parties; (b) shall be independent of and not be parties acting in concert with the Company, the Vendors, other Placee(s) or Shareholder(s) and their respective associates to the effect that any placing to such Placee(s) shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code; (c) shall be independent of the Vendors, their ultimate beneficial owners and parties acting in concert with them; (d) shall be independent of the proposed Directors referred to the section headed "CHANGE OF DIRECTORS" in this announcement and the core connected persons after completion of the Acquisition; and (e) shall be regarded as the public (as defined under the Listing Rules).

The Placing Shares

The maximum number of 757,875,000 Placing Shares under the Share Placing represents:

- (i) approximately 1.50 times of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as at the date of this announcement;
- (ii) approximately 60.00% of the issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Placing Shares but before the allotment and issue of Consideration Shares, Conversion Shares and Offer Shares;

- (iii) approximately 15.00% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Placing Shares and the Consideration Shares but before the allotment and issue of Conversion Shares and Offer Shares;
- (iv) approximately 12.00% of the issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Placing Shares, Consideration Shares, the Conversion Shares upon the exercise of Consideration CBs in full and the Placing Shares but before the allotment and issue of the Offer Shares; and
- (v) approximately 11.81% of the issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Consideration Shares, the Conversion Shares upon the exercise of Consideration CBs in full, the Placing Shares and Offer Shares.

The Placing Shares will be issued under a specific mandate proposed to be obtained at the EGM.

Ranking of Placing Shares

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Consolidated Shares in issue on the date of allotment and issue of the Placing Shares.

Application for Listing

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in the Placing Shares.

The Placing Price

The Placing Price represents:

- (i) a discount of approximately 96.95% to the equivalent closing price of HK\$3.360 per Consolidated Share based on the closing price of the Shares of HK\$1.680 per Share as quoted on the Stock Exchange on the Last Trading Day after taking into account the effect of the Share Consolidation;
- (ii) a discount of approximately 97.25% to the equivalent average closing price of approximately HK\$3.724 per Consolidated Share based on the average of the closing price of approximately HK\$1.862 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day after taking into account the effect of the Share Consolidation;
- (iii) a discount of approximately 97.36% to the equivalent average closing price of approximately HK\$3.882 per Consolidated Share based on the average of the closing price of approximately HK\$1.941 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day after taking into account the effect of the Share Consolidation;

- (iv) a discount of approximately 97.25% to the equivalent average closing price of approximately HK\$3.729 per Consolidated Share based on the average of the closing price of approximately HK\$1.864 per Share as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day after taking into account the effect of the Share Consolidation; and
- (v) a premium of approximately HK\$0.1781 over the audited net liabilities value per Consolidated Share of approximately HK\$0.0756 based on the published audited consolidated net liabilities of the Company of approximately HK\$38,208,000 as at 31 December 2016 and the issued share capital of 505,250,000 Consolidated Shares upon the Share Consolidation becoming effective.

The Placing Price of HK\$0.1025 per Placing Share, which is equivalent to the Conversion Price, Offer Price and Issue Price, is determined having taken into account, among other things, the prolonged Suspension.

The gross proceeds from the Share Placing will amount to approximately HK\$77.68 million.

Reason for Share Placing and use of proceeds

The Share Placing is inter-conditional on the Acquisition. The Company and the Vendors have agreed, and are intended, to broaden the Shareholders base of the Company through the Share Placing.

It is expected that the gross proceeds from the Share Placing will be amounted to approximately HK\$77.68 million. The Company intends to use the net proceeds from the Share Placing to expand and develop the business of the Enlarged Group upon Acquisition Completion. For the details of the expansion plan, please refer to the above sub-section headed “Recent and planned expansion”.

The Directors have considered alternative fund raising methods such as bank borrowings and rights issue, however, taking into account: (i) bank loans and/or other borrowings with interest rate will inevitably increase the interest burden and adversely affect the financial position of the Group; (ii) equity fund raising methods will provide a good opportunity to the Company to raise additional funds and enhance its working capital and financial position; and (iii) apart from the proposed Open Offer, the Share Placing will further broaden the Shareholders’ base by involving more new independent Shareholders to participate in the development of the Enlarged Group, the Directors are of the view the Share Placing is in the interests of the Company and the Shareholders as a whole.

VIII. THE OPEN OFFER

The Company proposes to raise approximately HK\$10.36 million, before expenses, by way of the Open Offer involving the allotment and issue of 101,050,000 Offer Shares at the Offer Price of HK\$0.1025 per Offer Share on the basis of one (1) Offer Share for every five (5) Consolidated Shares held on the Record Date (assuming that no Shares or Consolidated Shares (upon Share Consolidation becoming effective) to be issued or repurchased by the Company except for the issue and allotment of the Consideration Share, Placing Shares and the conversion of Consideration CBs in full from the date of this announcement and up to the Record Date).

As at the date of this announcement, the Company is in the process of negotiating and finalising the terms under the underwriting agreements with several security houses in respect of the Open Offer while these security houses are performing due diligence on, including but not limited to, the Company. The trading of the Offer Shares is expected to take place upon the Resumption.

Further detailed information of the Open Offer will be included in the circular to be despatched to the Shareholders.

The Share Consolidation, the Share Placing, the Acquisition and the Disposal are not conditional upon the Open Offer. However, the Open Offer is conditional upon the Resumption.

Undertaking

Dr. Choi, the chairman of the Board and an executive Director, who holds approximately 63.5% equity interest of the Company through Global Courage as at the date of this announcement, has indicated that he will procure Global Courage to take up its entitlement under the Open Offer.

The Offer Shares

Assuming that there is no change in the issued share capital of the Company from the date of this announcement and up to the Record Date, the maximum number of 101,050,000 Offer Shares to be issued and allotted represents:

- (i) approximately 20.00% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as at the date of this announcement;
- (ii) approximately 16.67% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Offer Shares but before the allotment and issue of the Consideration Shares, the Conversion Shares and the Placing Shares;
- (iii) approximately 2.30% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Offer Shares and the Consideration Shares but before the allotment and issue of Conversion Shares and Placing Shares;
- (iv) approximately 1.79% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Offer Shares, the Consideration Shares, the Conversion Shares upon the exercise of Consideration CBs in full but before the allotment and issue of the Placing Shares; and
- (v) approximately 1.57% of the entire issued share capital of the Company (assuming the Share Consolidation has become effective) as enlarged by the allotment and issue of the Consideration Shares, the Conversion Shares upon the exercise of the Consideration CBs in full, the Placing Shares and the Offer Shares.

Application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in the Offer Shares.

Listing Implications

As the Open Offer will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding this announcement and the Open Offer will be fully underwritten by an underwriter who is (i) not a Director, chief executive or substantial Shareholder of the Company or an associate of any of them and (ii) independent third party to the Concert Group, the Open Offer is not subject to the approval by the Shareholders pursuant to Rule 7.24(5) of the Listing Rules.

The Offer Price

The Offer Price represents:

- (i) a discount of approximately 96.95% to the equivalent closing price of HK\$3.360 per Consolidated Share based on the closing price of the Shares of HK\$1.680 per Share as quoted on the Stock Exchange on the Last Trading Day after taking into account the effect of the Share Consolidation;
- (ii) a discount of approximately 97.25% to the equivalent average closing price of approximately HK\$3.724 per Consolidated Share based on the average of the closing price of approximately HK\$1.862 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day after taking into account the effect of the Share Consolidation;
- (iii) a discount of approximately 97.36% to the equivalent average closing price of approximately HK\$3.882 per Consolidated Share based on the average of the closing price of approximately HK\$1.941 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day after taking into account the effect of the Share Consolidation;
- (iv) a discount of approximately 97.25% to the equivalent average closing price of approximately HK\$3.729 per Consolidated Share based on the average of the closing price of approximately HK\$1.864 per Share as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day after taking into account the effect of the Share Consolidation; and
- (v) a premium of approximately HK\$0.1781 over the audited net liabilities value per Consolidated Share of approximately HK\$0.0756 based on the published audited consolidated net liabilities of the Company of approximately HK\$38,208,000 as at 31 December 2016 and the issued share capital of 505,250,000 Consolidated Shares upon the Share Consolidation becoming effective.

The Offer Price of HK\$0.1025 per Offer Share is equivalent to the Conversion Price, Placing Price and Issue Price and is determined having taken into account, among other things, the prolonged Suspension.

Reasons for and use of proceeds from Open Offer

The gross proceeds from the Open Offer are approximately HK\$10.36 million and the net proceeds from the Open Offer will be paid to the Company for the use of general working capital.

The Directors consider that the Open Offer will enlarge the capital base and strengthen the financial position of the Company so as to facilitate the Enlarged Group's long term development. Also, the Directors believe that it is in the interest of the Company to raise additional capital by way of the Open Offer under which the existing Shareholders are given equal opportunities to participate in the enlargement of capital base of the Company as well as enabling the existing Shareholders to continue to participate in the future development of the Enlarged Group upon completion of all the transactions under the Resumption Proposal at their own wish.

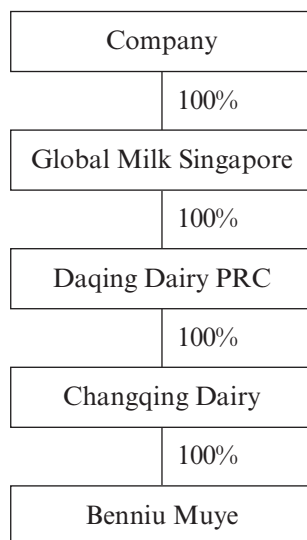
FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the previous 12 months immediately preceding the date of the announcement.

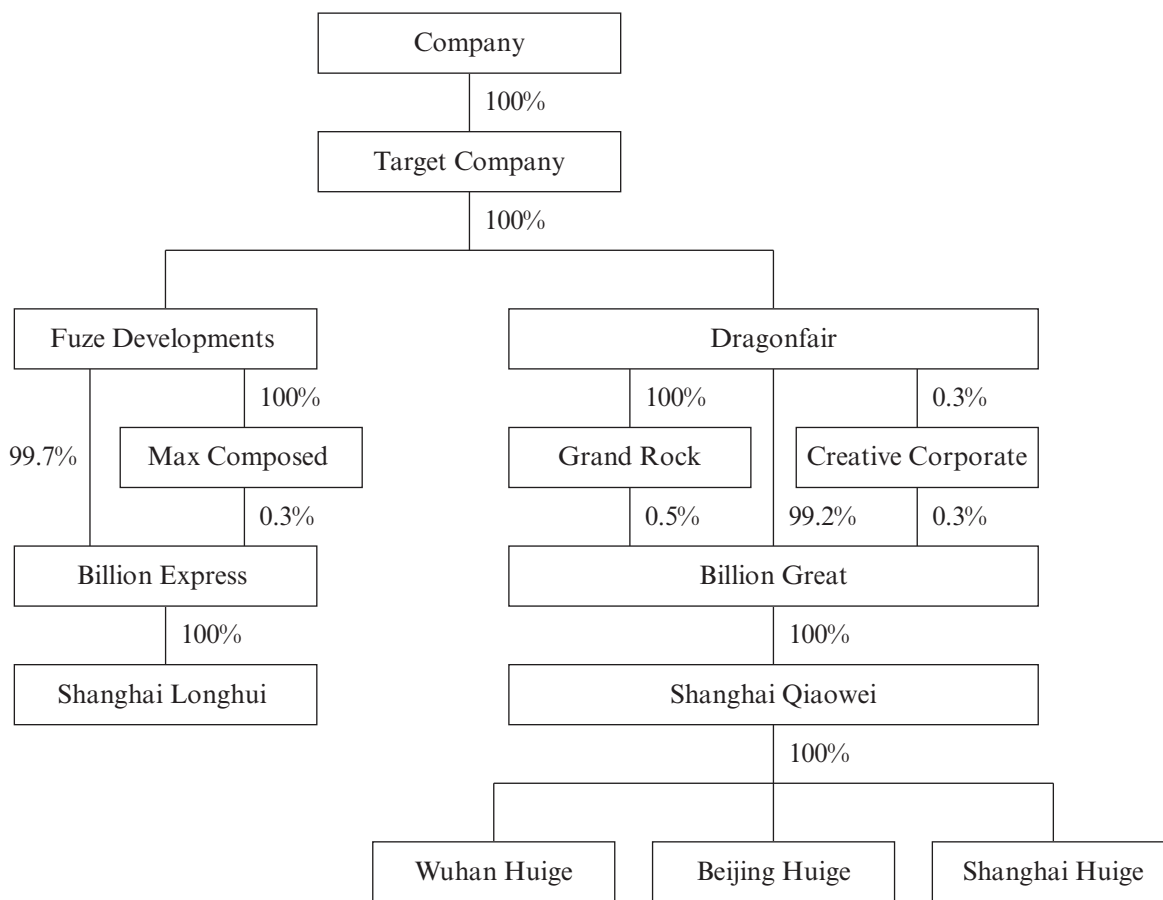
ORGANISATION STRUCTURE OF THE GROUP

Set out below is the organisation structure of the Group immediately before and after Completion (if materialised):

Organisation structure of the Group immediately before Completion



Organisation structure of the Enlarged Group immediately after Completion



EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

For illustrative purpose, the following tables illustrate the shareholding of the Company upon completion of the transactions contemplated in this announcement:

(i) Assume full acceptance of the Open Offer

	As at the date of this announcement		(i) Upon the Share Consolidation becoming effective		(ii) immediately after the issue and allotment of Consideration Shares and the completion of Share Placing but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs		(iii) immediately after the issue and allotment of Consideration Shares, the completion of Share Placing and the completion of Open Offer (assume full acceptance) but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs		(iv) immediately after the issue and allotment of Consideration Shares and Conversion Shares pursuant to the exercise of the Consideration CB in full, the completion of Share Placing and the completion of Open Offer (assume full acceptance)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Global Courage (Note)	641,676,629	63.50	320,838,314	63.50	—	—	—	—	—	—
The Concert Group										
— Vendor I	—	—	—	—	3,547,612,875	70.22	3,547,612,875	68.84	4,730,150,500	73.72
— Vendor II	—	—	—	—	111,407,625	2.20	111,407,625	2.16	148,543,500	2.31
— Vendor III	—	—	—	—	84,503,062	1.67	84,503,062	1.64	112,670,750	1.76
— Vendor IV	—	—	—	—	44,714,625	0.89	44,714,625	0.87	59,619,500	0.93
— Vendor V (as trustee for Vendor I)	—	—	—	—	1,136,813	0.02	1,136,813	0.02	1,515,750	0.02
Sub-total	—	—	—	—	3,789,375,000	75.00	3,789,375,000	73.53	5,052,500,000	78.74
Public Shareholders										
— Existing public Shareholders	368,823,371	36.50	184,411,686	36.50	184,411,686	3.65	221,294,024	4.29	221,294,024	3.45
— Global Courage (Note)	—	—	—	—	320,838,314	6.35	385,005,976	7.47	385,005,976	6.00
— Places of Share Placing	—	—	—	—	757,875,000	15.00	757,875,000	14.71	757,875,000	11.81
Sub-total	368,823,371	36.50	184,411,686	36.50	1,263,125,000	25.00	1,364,175,000	26.47	1,364,175,000	21.26
Total	1,010,500,000	100.00	505,250,000	100.00	5,052,500,000	100.00	5,153,550,000	100.00	6,416,675,000	100.00

(ii) Assume no acceptance of the Open Offer

	As at the date of this announcement		(i) Upon the Share Consolidation becoming effective		(ii) immediately after the allotment and issue of Consideration Shares and the completion of Share Placing but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs		(iii) immediately after the allotment and issue of Consideration Shares, the completion of Share Placing and the completion of Open Offer (assume no acceptance from the existing public Shareholders) but before the Conversion Shares to be issued pursuant to the exercise of the Consideration CBs		(iv) immediately after the issue and allotment of Consideration Shares and Conversion Shares pursuant to the exercise of the Consideration CB in full, the completion of Share Placing and the completion of Open Offer (assume no acceptance from the existing public Shareholders)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Global Courage (Note)	641,676,629	63.50	320,838,314	63.50	—	—	—	—	—	—
The Concert Group										
— Vendor I	—	—	—	—	3,547,612,875	70.22	3,547,612,875	68.84	4,730,150,500	73.72
— Vendor II	—	—	—	—	111,407,625	2.20	111,407,625	2.16	148,543,500	2.31
— Vendor III	—	—	—	—	84,503,062	1.67	84,503,062	1.64	112,670,750	1.76
— Vendor IV	—	—	—	—	44,714,625	0.89	44,714,625	0.87	59,619,500	0.93
— Vendor V (as trustee for Vendor I)	—	—	—	—	1,136,813	0.02	1,136,813	0.02	1,515,750	0.02
Sub-total	—	—	—	—	3,789,375,000	75.00	3,789,375,000	73.53	5,052,500,000	78.74
Public Shareholders										
— Existing public Shareholders	368,823,371	36.50	184,411,686	36.50	184,411,686	3.65	184,411,686	3.57	184,411,686	2.87
— Global Courage (Note)	—	—	—	—	320,838,314	6.35	385,005,976	7.47	385,005,976	6.00
— Places of Share Placing	—	—	—	—	757,875,000	15.00	757,875,000	14.71	757,875,000	11.81
— The underwriter	—	—	—	—	—	—	36,882,338	0.72	36,882,338	0.58
Sub-total	368,823,371	36.50	184,411,686	36.50	1,263,125,000	25.00	1,364,175,000	26.47	1,364,175,000	21.26
Total	1,010,500,000	100.00	505,250,000	100.00	5,052,500,000	100.00	5,153,550,000	100.00	6,416,675,000	100.00

Note:

641,676,629 Shares, prior to the Share Consideration becoming effective, are held by Global Courage. Global Courage is wholly-owned by Head and Shoulders Direct Investment Limited, which in turn is wholly-owned by Dr. Choi. Thus, Head and Shoulders Direct Investment Limited and Dr. Choi are deemed to be interested in 641,676,629 Shares held by Global Courage Limited pursuant to the SFO. Upon Resumption, Dr. Choi will resign as executive Director.

IX. CHANGE OF DIRECTORS

Resignation of Directors

The Board announces that Dr. Choi and Mr. Choi Ka Wai will resign as executive Directors; and Mr. Szeto Tat Kwan Brandon and Mr. Fok Wai Ming Eddie will resign as independent non-executive Directors, all with effect upon Resumption.

Mr. Ha Kee Choy Eugene will remain on the Board as an independent non-executive Director.

Appointment of Directors

The Board also announces that, upon Resumption, (i) Mr. Hung Shui Chak, Mr. So Kam Chuen, Mr. Yuan Mingjie and Mr. Chen Jun will be appointed as executive Directors; and (ii) Mr. Chan Chun Yiu Thomas and Mr. Mai Guangfan will be appointed as independent non-executive Directors.

Pursuant to the requirement of Rule 13.51(2) of the Listing Rules, the biographical details of the proposed Directors will be disclosed in the circular to be despatched in due course.

GENERAL

An Independent Board Committee, which comprises the independent non-executive Directors, namely Mr. Ha Kee Choy Eugene, Mr. Szeto Tat Kwan Brandon and Mr. Fok Wai Ming Eddie, has been established by the Board to make a recommendation to the Independent Shareholders as to whether the terms under the Acquisition, the Disposal, the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote, after taking into account the recommendation of Hooray Capital Limited. Hooray Capital Limited has been appointed by the Independent Board Committee as the Independent Financial Adviser in respect of the Acquisition, the Disposal, the Whitewash Waiver and the transactions contemplated thereunder.

The Company will despatch a circular in accordance with requirements under the Listing Rules and Takeovers Code, which will contain, among other things, further details of (i) the Share Consolidation; (ii) the Acquisition; (iii) reverse takeover involving a new listing application; (iv) the Disposal; (v) the Share Placing; (vi) the Open Offer; (vii) the Whitewash Waiver; (viii) the appointment of proposed Directors; (ix) the recommendation of the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition, the Disposal, the Whitewash Waiver and the transactions contemplated thereunder; and (x) the notice of EGM.

An EGM will be convened for the purpose of considering and, if thought fit, approving the (i) the Share Consolidation; (ii) the Acquisition; (iii) the Disposal; (iv) the Share Placing; (v) the Whitewash Waiver; (vi) the appointment of proposed Directors and the transactions contemplated thereunder.

The circular is subject to the requirements under the Listing Rules and the Takeovers Code and review and comment by the Stock Exchange and the Executive. The Shareholders and potential investors should refer to the circular for further details for each of the thereon transactions.

Under Rule 14.60(7) of the Listing Rules, the Company is required to despatch a circular in relation to a very substantial acquisition within 15 Business Days after the publication of the announcement.

Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders a circular in respect of, amongst others, the Whitewash Waiver within 21 days from the date of publication of this announcement, that is, on or before 28 August 2017.

As the Company's new listing application is subject to approval by the Stock Exchange, it is expected that more time may be needed for the Stock Exchange to approve the Company's new listing application and for the preparation of the circular, which is expected to be despatched on or before 15 September 2017.

As such, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the circular and the Company will make further announcement on the expected date of despatch of the circular.

Dr. Choi, who is the chairman of the Company and executive Director, is beneficially interest in 641,676,629 Shares, representing approximately 63.50% of the issued share capital as at the date of this announcement through his indirect interest in Global Courage, and thereby Global Courage shall abstain from voting at the EGM in accordance with the Takeovers Code.

Save for Dr. Choi, none of any other Directors is interested in the Shares, and none of any other Directors or Shareholders has any material interest in the (i) Share Consolidation; (ii) the Acquisition; (iii) the Whitewash Waiver; (iv) the Disposal; (v) the Share Placing; and (vi) the appointment of proposed Directors and the transactions contemplated thereunder, therefore, none of any other Directors and Shareholders is required to abstain from voting on the resolutions for considering and approving the (i) the Share Consolidation; (ii) the Acquisition; (iii) the Disposal; (iv) the Share Placing; (v) the Whitewash Waiver; (vi) the appointment of proposed Directors and the transactions contemplated thereunder.

Trading in the Shares will continue to be suspended until further notice. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares. The publication of this announcement does not warrant any approval from the Stock Exchange on the new listing application made by the Company and the Resumption. The proposed transactions disclosed in this announcement are also subject to the fulfillment or waiver (as the case maybe) of the relevant conditions precedent. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“Acquisition”	the proposed acquisition of the entire issued share capital of the Target Company pursuant to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the conditional sale and purchase agreement dated 21 November 2016 (as amended and restated on 20 February 2017 and supplemented on 30 June 2017) entered into between the Company and the Vendors in relation to the Acquisition
“Acquisition Completion”	the completion of the Acquisition pursuant to the terms of the Acquisition Agreement
“acting in concert”	has the meaning ascribed to the term under the Takeovers Code
“Beijing Huige”	北京輝哥餐飲管理有限公司(Beijing Huige Catering Management Company Limited*), a company established in the PRC with limited liability on 7 April 2010 and an indirect wholly-owned subsidiary of the Target Company
“Benniu Muye”	五常犇牛牧業有限責任公司 (Wuchang Benniu Muye Co., Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which will cease to be a subsidiary of the Company upon Disposal Completion
“Billion Express”	Billion Express International Limited (億通國際有限公司), a company incorporated in Hong Kong with limited liability on 10 December 2009 and, upon the completion of the Reorganisation, an indirect wholly-owned subsidiary of the Target Company
“Billion Great”	Billion Great International Limited (億高國際有限公司), a company incorporated in Hong Kong with limited liability on 10 December 2009 and, upon the completion of the Reorganisation, an indirect wholly-owned subsidiary of the Target Company
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, a Sunday or public holidays and any day on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between the hours of 9:00 a.m. and 5:00 p.m.) on which banks are generally open for business throughout their normal business hours in Hong Kong
“BVI”	the British Virgin Islands
“Cash Investment Payback Point”	the amount of time it takes for the accumulated operating profit from a restaurant to cover the costs of operating

“Cayman Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Changqing Dairy”	黑龍江常慶乳業有限責任公司(Heilongjiang Changqing Dairy Products Co., Ltd.*), a company established in the PRC liability on 7 August 2008 with limited liability and an indirect wholly-owned subsidiary of the Company, which will cease to be a subsidiary of the Company upon Disposal Completion
“Company”	Daqing Dairy Holdings Limited (大慶乳業控股有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1007)
“Completion”	the Acquisition Completion and the Disposal Completion
“Concert Group”	the Vendors and any parties acting in concert with any of them
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$517,881,250, being the aggregate consideration for the Acquisition
“Consideration CBs”	the 5-year zero coupon convertible bonds in the aggregate principal amount of up to HK\$129,470,312.50 to be issued by the Company to the Vendors (or their respective nominees) upon Acquisition Completion pursuant to the terms of the Acquisition Agreement to satisfy part of the Consideration
“Consideration Share(s)”	an aggregate of 3,789,375,000 new Consolidated Shares to be allotted and issued by the Company to the Vendors (or their respective nominees) upon Acquisition Completion at the Issue Price pursuant to the terms of the Acquisition Agreement to satisfy part of the Consideration
“Consolidated Share(s)”	ordinary share(s) of HK\$0.00002 each in the share capital of the Company upon the Share Consolidation becoming effective
“Controlling Shareholder(s)”	has the meaning ascribed to it under Listing Rules
“Conversion Price”	the initial conversion price of HK\$0.1025 per Conversion Share (subject to adjustment)
“Conversion Share(s)”	a maximum of 1,263,125,000 new Consolidated Shares to be allotted and issued upon exercise of the conversion rights attaching to the Consideration CBs

“Creative Corporate”	Creative Corporate Development Limited (創盈企業發展有限公司), a company incorporated in the BVI with limited liability on 2 January 2013, the entire issued share capital of which is owned by Ms. Hung as at the date of this announcement and, upon completion of the Reorganisation, will become a wholly-owned subsidiary of the Target Company
“Daqing Dairy PRC”	大慶乳品廠有限責任公司 (Da Qing Dairy Ltd.), a company established in the PRC on 29 October 1997 with limited liability and an indirect wholly-owned subsidiary of the Company, which will cease to be a subsidiary of the Company upon Disposal Completion. Its predecessor is 大慶市牧工商聯合公司乳品廠 (Daqing City Animal Husbandry Trade Joint Company’s Dairy Factory*) which was established on 1 December 1970
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal by the Company of the entire issued share capital of Global Milk Singapore and its subsidiaries pursuant to the terms and conditions of the Disposal Agreement (as supplemented by a supplemental agreement dated 30 June 2017)
“Disposal Agreement”	the conditional sale and purchase agreement dated 21 November 2016 (as supplemented by a supplemental agreement dated 30 June 2017) entered into between the Company as the vendor and Mr. Jiang as the purchaser in relation to the Disposal
“Disposal Completion”	completion of the Disposal pursuant to the terms of the Disposal Agreement
“Disposal Consideration”	HK\$1.00, being the consideration for the Disposal
“Disposal Group”	Global Milk Singapore and the PRC Subsidiaries
“Disposal Purchaser” or “Mr. Jiang”	Mr. Jiang Jianhui (姜建輝), being the purchaser of the Disposal Group under the Disposal Agreement, together with the parties acting in concert with him, who are Independent Third Parties and independent to the Vendors, are not interested in any Shares as at the date of this announcement
“Dr. Choi”	Dr. Choi Chiu Fai Stanley, the chairman of the Board and an executive Director
“Dragonfair”	Dragonfair International Limited (龍輝國際有限公司), a company incorporated in the BVI with limited liability on 17 August 2007, the entire issued share capital of which is held by Mr. Hung as at the date of this announcement and, upon completion of the Reorganisation, will become a wholly-owned subsidiary of the Target Company

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, among other things, seeking approval from the Independent Shareholders in respect of the Share Consolidation, the Acquisition, the Share Placing, the Disposal, the Whitewash Waiver and the appointment of proposed Directors
“Enlarged Group”	the Group as enlarged by the Target Group and excluding the Disposal Group upon Completion
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an Independent Third Party, being a professional market research company engaged by the Company and the Target Company to prepare a market research report
“Fuze Developments”	Fuze Developments Limited (富澤發展有限公司), a company incorporated in the BVI with limited liability on 23 August 2012, the entire issued share capital of which was held by Mr. Hung as at the date of this announcement and, upon completion of the Reorganisation, will become a wholly-owned subsidiary of the Target Company
“Global Courage”	Global Courage Limited, a company incorporated in the BVI with limited liability, which is ultimately owned by Dr. Choi
“Global Milk Singapore”	Global Milk Products Pte. Ltd, a company incorporated in Singapore on 15 September 2006 with limited liability and an indirect wholly-owned subsidiary of the Company, which will cease to be a subsidiary of the Company upon Disposal Completion
“Grand Rock”	Grand Rock International Limited (錦石國際有限公司), a company incorporated in the BVI with limited liability on 23 July 2012, the entire issued share capital of which is owned by Mr. So as at the date of this announcement and, upon completion of the Reorganisation, will become a wholly-owned subsidiary of the Target Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising Mr. Ha Kee Choy Eugene, Mr. Szeto Tat Kwan Brandon and Mr. Fok Wai Ming Eddie, established to give recommendations to the Independent Shareholders on the Acquisition, the Disposal and Whitewash Waiver

“Independent Financial Adviser”	Hooray Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to advise the Independent Board Committee in respect of the Acquisition, the Whitewash Wavier, the Disposal and the transaction contemplated thereunder
“Independent Shareholders”	the Shareholders, excluding (i) the Concert Group, (ii) those who are involved or interested in a way which is different to other Shareholders in the Resumption Proposal and (iii) those who are required to abstain from voting at the EGM to be convened in accordance with the Listing Rules, the Takeovers Code and other applicable laws, rules and regulations
“Independent Third Party(ies)”	individual(s) or company(ies), who or which as far as the Directors are aware after having made all reasonable enquiries, is/are not connected with the Company and its connected person(s)
“Issue Price”	HK\$0.1025 per Consideration Share
“Last Trading Day”	21 March 2012, being the last trading day of the Shares prior to the date of the Resumption Proposal
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Max Composed”	Max Composed Global Investments Limited (兆泰環球投資有限公司), a company incorporated in the BVI with limited liability on 18 January 2011, the entire issued share capital of which is owned by Ms. Hung as at the date of this announcement and will, upon completion of the Reorganisation, become a wholly-owned subsidiary of the Target Company
“Monthly Break-even”	the point at which the monthly revenue of a newly opened restaurant is at least equal to monthly expenses
“Offer Price”	HK\$0.1025 per Offer Share
“Offer Share(s)”	101,050,000 new Consolidated Shares to be issued by the Company pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares at the Offer Price on the basis of one (1) Offer Share for every five (5) Consolidated Shares held as at the close of business on the Record Date
“Placee(s)”	any individuals, corporate, institutional investors or other investors to be procured by the placing agent and/or its sub-placing agent(s) under the Share Placing

“Placing Agent”	CNI Securities Group Limited, together with its associates, is an independent third party to the Group, the Target Group and the Concert Group as well as an independent third party to the connected person(s) of the Group and the Enlarged Group as at the date of this announcement
“Placing Agreement”	the conditional agreement to be entered into between the Company and the Placing Agent for the Share Placing
“Placing Price”	HK\$0.1025 per Placing Share
“Placing Shares”	up to 757,875,000 new Consolidated Shares to be issued by the Company pursuant to the Share Placing
“PRC” or “China”	the People’s Republic of China, for the purposes of this announcement and for geographical reference only, excludes Taiwan, the Macao Special Administrative Region and Hong Kong (unless otherwise indicated)
“PRC Subsidiaries”	the subsidiaries in the PRC held by the Company, namely Da Qing Dairy PRC, Changqing Dairy and Benniu Muye, which were deconsolidated from the Group’s financial statements
“Predecessor Auditors”	Deloitte Touche Tohmatsu, the predecessor auditors of the Company
“Record Date”	the date and time by reference to which entitlements to the Open Offer will be determined
“Registrar”	Computershare Hong Kong Investor Services Limited
“Reorganisation”	the reorganisation of the Target Group in preparation for the new listing application relating to the transactions contemplated under the Resumption Proposal (and the revision thereof) pursuant to the requirements and procedures in Chapters 8 and 9 of the Listing Rules, the Target Company will directly or indirectly acquire and hold the entire share capital or equity interest in Fuze Developments, Dragonfair, Billion Express, Billion Great, Shanghai Longhui, Shanghai Qiaowei, Wuhan Huige, Beijing Huige and Shanghai Huige upon completion of the Reorganisation
“Resumption”	the resumption of trading in the shares of the Company on the Stock Exchange
“Resumption Proposal”	the resumption proposal dated 21 November 2016, submitted by the Company to the Stock Exchange for the purpose of the Resumption, which includes, among other things, details about the Acquisition, the Disposal, the Share Placing and information about the Target Group
“RMB”	Renminbi, the lawful currency of the PRC
“RSM”	RSM Nelson Wheeler Corporate Advisory Limited, the forensic accountant engaged by the Company

“Sale Shares”	10,000 ordinary shares of US\$1.00 each, representing the entire issued share capital of the Target Company to be owned by the Vendors upon completion of the Reorganisation and immediately prior to Acquisition Completion, among which 9,362 shares or 93.62% of the Sales Shares shall be held by Vendor I, 294 shares or 2.94% of the Sales Shares shall be held by Vendor II, 223 shares or 2.23% of the Sales Shares shall be held by Vendor III, 118 or 1.18% of the Sales Shares shall be held by Vendor IV and 3 shares or 0.03% of the Sales Shares shall be held by Vendor V (as trustee for Vendor I)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Shanghai Huige”	上海輝哥海鮮火鍋餐飲有限公司 (Shanghai Huige Seafood Hotpot Catering Company Limited*), a company established in the PRC with limited liability on 22 November 2004 and an indirect wholly-owned subsidiary of the Target Company
“Shanghai Longhui”	上海龍輝餐飲管理有限公司 (Shanghai Longhui Catering Management Company Limited*), a company established in the PRC with limited liability on 3 March 2009 and an indirect wholly-owned subsidiary of the Target Company
“Shanghai Qiaowei”	上海喬威投資諮詢有限公司 (Shanghai Qiaowei Investment Consulting Company Limited*), a company established in the PRC with limited liability on 19 October 2010 and an indirect wholly-owned subsidiary of the Target Company
“Share(s)”	the ordinary share(s) of HK\$0.00001 each in the existing share capital of the Company
“Share Consolidation”	the proposed consolidation of every two (2) issued and unissued Shares of HK\$0.00001 each into one (1) Consolidated Share of HK\$0.00002
“Share Placing”	the proposed placing of the Placing Shares at the Placing Price on fully underwritten basis to not less than six (6) Placees, whom and whose ultimate beneficial owners are Independent Third Parties, for subscription of the Placing Shares
“Shareholder(s)”	holder(s) of the Share(s), or the Consolidated Share(s), as the case may be
“Singapore”	the Republic of Singapore

“Specified Event”	any event occurring or matter arising on or after the date thereof and prior to the Completion which if it had occurred or arisen before the date thereof would have rendered any of the undertakings, warranties and representations contained in Placing Agreement untrue or incorrect and such would have an adverse impact or effect on the Share Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suspension”	the suspension of trading in the Shares on Stock Exchange since 22 March 2012
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Longhui International Catering Management Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 19 August 2016
“Target Group”	the Target Company and its subsidiaries after completion of the Reorganisation, comprising Fuze Developments, Dragonfair, Max Composed, Grand Rock, Creative Corporate, Billion Express, Billion Great, Shanghai Longhui, Shanghai Qiaowei, Wuhan Huige, Beijing Huige and Shanghai Huige
“Vendor I” or “Mr. Hung”	Mr. Hung Shui Chak (洪瑞澤) (formerly known as Hung Pan (洪斌))
“Vendor II” or “Ms. Hung”	Ms. Hung Ying (洪瑩), elder sister of Mr. Hung
“Vendor III” or “Mr. Ho”	Mr. Ho, Roy Poon Kwong (何磬光)
“Vendor IV” or “Mr. So”	Mr. So Kam Chuen (蘇錦存)
“Vendor V” or “Ms. Sezto”	Ms. Sezto Yuen Man (司徒婉雯)
“Vendors”	Vendor I, Vendor II, Vendor III, Vendor IV and Vendor V, collectively, who are all Independent Third Parties
“Whitewash Waiver”	a waiver from the obligation of the Vendors to make a mandatory general offer to other Shareholders in respect of the Consolidated Shares (other than those already owned or agreed to be acquired by the Vendors) as a result of the allotment and issue of the Consideration Shares pursuant to Note 1 on the dispensations from Rule 26 of the Takeovers Code
“Wuhan Huige”	武漢輝哥火鍋餐飲有限公司(Wuhan Huige Hotpot Catering Company Limited*), a company established in the PRC with limited liability on 26 September 2011 and an indirect wholly-owned subsidiary of the Target Company

% per cent.

For the purpose of this announcement, unless the context otherwise requires, conversion of RMB into Hong Kong dollars is based on the approximate exchange rate of RMB1.0 to HK\$1.12. These translations are provided for reference and convenience only, and no representation is made, and no representation should be construed as being made, that any amounts in RMB or HK\$ can be converted at the above rate or any other rates or at all.

For and on behalf of
Daqing Dairy Holdings Limited
Choi Chiu Fai Stanley
Chairman

Hong Kong, 7 August 2017

As at the date of this announcement, the Board comprises two executive Directors, namely Dr. Choi Chiu Fai Stanley and Mr. Choi Ka Wai; and three independent non-executive Directors, namely Mr. Ha Kee Choy Eugene, Mr. Szeto Tat Kwan Brandon and Mr. Fok Wai Ming Eddie.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Vendors and the Target Group) and confirm having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Vendors) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The Vendors jointly and severally accepts full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Board) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The English text of this announcement shall prevail over its Chinese text.

* *for identification purposes only*